of African nations. How do we address them?

Elements of U.S. Policy

I have described our policy as the pragmatic application of democratic ideals. To some that might sound like a hopeless contradiction in terms—references to pragmatism and to idealism in a single phrase. But there is no inconsistency here, for it is clearly the case in Africa that we advance our interests by giving concrete meaning and expression to our most basic values—the commitment to human freedom and advancement we share with the peoples of Africa. Our policy has been firmly grounded in that abiding commitment to freedom.

- Our policy strongly opposes racial injustice. In southern Africa we have given practical support to the evolution to majority rule. In Rhodesia, now Zimbabwe, that meant resisting a premature, unilateral American breach of international sanctions and continuing the pressure for a true peace. In South Africa, it has meant broadening our own voluntary arms embargo and support for a mandatory U.N. embargo. Beyond that, it has meant a clear message to South Africa that our relations depend upon achieving racial justice—that other issues will not dilute our commitment on that fundamental cause.

- Our policy upholds the cause of peace. In Zimbabwe, in Namibia, on the Angola/Zaire border and elsewhere, the United States has been strongly identified with efforts to heal divisions and achieve peaceful solutions.

- Our policy in Africa has promoted respect for human rights. President Carter's human rights policy has found a special resonance in Africa. Human rights dialogues have been initiated in Dar es Salaam, Dakar, Sierra Leone, Cape Town, and Khartoum. Last year the Organization of African Unity adopted an African Declaration of Human Rights. In the broadest sense, the trend in Africa is clearly in the direction of greater democracy and freedom. Democracy is being restored in Nigeria and Ghana. Multiparty elections have resumed in Senegal and are expected in Uganda. And in some cases where there is only one party—as in Tanzania and Ivory Coast—there are numerous candidates for office, a growing acceptance of dissent, and expanded protection of individual political rights.

- Our policy has also been to support economic development in Africa and to forge new economic links. Since President Carter took office, American economic assistance to Africa has doubled, to more than $1 billion each year. Of course, it is still dwarfed by the need, but our aid has helped. And it has been concentrated on meeting the most urgent requirements of people, on easing their suffering, and on helping them become self-sufficient.

- And finally our policy supports African nationalism as the most dependable foundation for stable development and the strongest bulwark against outside intervention. Through the infusion of outside military means, the Soviets, the Cubans, and others have exploited and exacerbated a number of local and regional African conflicts. We have been, and must continue to be, responsive to the legitimate defense needs of African countries threatened by external pressures. Our security assistance to African nations has risen. But over the longer term, we will most effectively counter Soviet designs by holding to our own affirmative course—seizing the moral initiative on racial justice, working for the settlement of conflicts others might exploit, helping to build the strength and confidence of African countries so they can better resist external pressures. Because we have done so, the striking difference between American and Soviet aims has become increasingly clear to the governments and people of Africa.

The approach I have outlined—a strategy grounded in principle as well as in interest—is working. We have been able to cement our ties with old friends, such as Ghana. And we have found measurable improvements in our relations with a number of key African countries—with Nigeria and Equatorial Guinea and Uganda, with Somalia, Sudan, and Guinea, with Mozambique, Congo-Brazzaville, the Central African Republic, and others.

Opportunities for the New Administration

With this foundation, let me return to my earlier assertion that Africa policy is an area of great opportunity for the new Administration.

In Rhodesia, before 1979, it was possible for the Ian Smith government to cling to the hope that a conservative government in Britain might lessen the pressure for true majority rule. Instead, the Thatcher government upheld that principle with renewed vigor. It took the lead in new negotiations. As a result, a settlement was achieved.

There are a number of areas where similar leadership by a Reagan Administration could have similar effects. Let me list some of them, not to second-guess the new President's priorities, but as illustrations.

In Zimbabwe, America has a strong interest in seeing the settlement succeed. Thus it is sound policy to offer the assistance that is badly needed to assure lasting peace and stability.

After a long and bitter conflict, Zimbabwe faces a massive task of reconstruction. Prime Minister Mugabe has embarked on a course of national reconstruction and reconciliation—to build a permanent peace by bringing the economic and social benefits of peace to the lives of people, black and white. Yet the strains in Zimbabwe are still severe. Our aid can help make a difference.

Elsewhere in southern Africa, the conflict in Zimbabwe devastated the economies of surrounding countries. The nations of southern Africa are now combining to restore economic health to the region. They have asked the West to join them in this effort. The first meeting among western and southern African nations on regional development took place last week in Mozambique.

American and Western interests could be greatly furthered by strong and active participation in southern African regional development and by the expansion of our trade and investment throughout the region.

In Namibia, a peaceful settlement of a long and tragic conflict is now within reach. A date of March 1 has been set for implementation of the agreed settlement plan. Next month, the parties will meet to discuss final arrangements.

The hour of decision has come for South Africa. If the Namibia settlement is implemented, it will bring peace and stability to South Africa's borders where a needless conflict is now costing South African lives and is providing ever greater opportunities for outside intervention.

A new American Administration can argue with special force that it is in South Africa's own interest to stay on course and implement a settlement.

A Namibia settlement would fundamentally alter South African relations with neighboring states and with the international community. A settlement would prove that outside nations can work constructively with South Africa toward peaceful change and multiracial cooperation. On the other hand, if South Africa refuses to allow the settlement to go forward, its isolation in the world will become more acute.

South Africa has expressed concern about the impartiality of a U.N. settlement in Namibia. I would note, however, that South Africa's own administrators, civil servants, and police will continue to function in Namibia during the elections. It is important to remember also the fairness, integrity, and understanding with which U.N. representatives have conducted recent Namibian negotiations, as well as the standards of fairness which the United Nations has consistently followed in its peacekeeping around the world. Finally, we Western nations which proposed the settlement are wholly committed to fair elections. Our national honor as well as our national interests are involved.

And in South Africa itself, the question remains whether change will come through racial conflict or through negotiated progress. But change will come. It will come principally because mounting internal pressures will become irresistable.

It is in the interest of the United States to encourage early, meaningful change in South Africa. We cannot provide a timetable or blueprint. That is for the people of South Africa—all the people, working together—to decide for themselves. But the new American Administration can be effective in encouraging progress in those areas where South African blacks are appealing for early change, and where many South African whites are receptive. We must find concrete ways to support the efforts of those working for peaceful change through South Africa's churches, community organizations, newspapers, and courts. We could assist those South African efforts financially and through the activities of our companies, churches, universities, and unions.

These are but a few ideas, concentrated on southern Africa. If our new Administration were to embrace the essential thrust of these policies, a fundamental continuity in our policy would be assured, our credibility in Africa would be enhanced, and our bonds of friendship throughout Africa would be strengthened.

In conclusion, let me stress a fundamental point. As it affects the fate of the nations of Africa, American policy in the future will be important, but it will not be decisive. The major determinants will be internal—the quality of leadership, their economic choices, their political will.

Where our policy will be decisive is in determining the kind of relations America can have with evolving African societies. In short, it is our own interests and our own future at stake in the quality of our approach to Africa.

As we change Administrations, I think all Americans can agree on this fundamental premise—that we want to sustain constructive relations with the countries of Africa; relations that uphold our interests and theirs and the ideals that draw us together.

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[1] Press release 334.

Refugees: The U.S. Response

Address before a conference on world hunger and refugees at the University of Southern California in Los Angeles on December 5, 1980.[1]

During my brief, but intensely rewarding tenure as Secretary of State, I was constantly reminded how the policymaking process—not just in this Administration, but in any Administration—inevitably pulls one toward the short-term perspective.

How should the United States vote, tomorrow, on a critical resolution in the United Nations? What is the appropriate response to a sudden development in Seoul, or in Tehran, or on Capitol Hill? The natural tendency is to address today's problem and to defer tomorrow's. It's one I have struggled against over the past 6 months. I find it difficult to know where I'm headed if my eyes are fixed solely on the ground immediately in front of me.

Today, I want to pursue with you that process of looking ahead—beyond the immediate crises, beyond the imminent transition of power.

What are some of the longer term social, economic, and technological forces at work in our world that will help define not just the next few years but the next decade or more? What do they mean for our own long-term security and well-being? And how will they shape the political choices we will face in the years ahead? To engage in such a look ahead is not to escape the present choices we face but to help illuminate them.

Let me inject a cautionary note at the outset. I suspect that most of you were as enthralled as I by the photographs recently sent back from our Voyager space satellite—by our ability to see, clearly and almost instantly, across billions of miles of space.

Unfortunately, there is no similar technology that enables us to project ourselves across time—to see the future as clearly as we can see the rings of Saturn. National behavior, no less than the human behavior that drives it, remains unpredictable—capable of unexpected new breakthroughs or of dangerous miscalculations.

Nonetheless, there are some trends we can identify—deeper, sometimes less visible economic and social currents that will shape the political landscape over the coming years.

Population Explosion

Each day, there are over 200,000 more mouths to feed in the world, each year, 75 million. By the year 2000, if these present patterns continue, the world will have an additional 1.5 billion inhabitants—an increase in the final quarter of this century that would equal all of the growth in the world's population from the birth of Christ through 1950.

Most of that growth will take place in the developing world. By the year 2000, developing nations will encompass nearly 80% of the world's people. They will be concentrated in increasingly crowded urban areas. The population of Mexico City will exceed 30 million, Calcutta will approach 20 million, Cairo, 17 million. And nearly half of the citizens in developing countries will be under the age of 19.

Our current estimates are that, [illegible] the aggregate, world food supplies will continue to grow. But in some poorer areas, the food available per person will decline, and food will be more expensive.

Unless we reverse existing patterns, important resources that are needed to feed and sustain that burgeoning population will continue to disappear. About 1 million acres of prime farmland are converted to urban use each year in the United States. Other farmland is drying into desert—a quarter million acres each year in northern Africa alone. And critical forests—which provide the primary fuel for nearly 2 billion people—are disappearing at the rate of 50 acres a minute.

None of these trends is immutable or

ASEAN-U.S. Dialogue

The third Ministerial meeting of the United States and the Association of South East Asian Nations (ASEAN) was held in Manila, September 10–12, 1980. Following is the full text of the joint press statement.

The Third meeting of the ASEAN-United States Dialogue was held in Manila on September 10–12, 1980.

The Honorable Anthony C. Albrecht, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, Department of State, led the United States delegation which included representatives from the Department of State, Commerce, Agriculture and Labor; from the Office of the United States Trade Representative; from the Agency for International Development; from the International Communication Agency; and from the United States embassies in ASEAN.

The ASEAN spokesman was Ambassador Sime D. Hidalgo, Director General of ASEAN-Philippines. The ASEAN delegations were led by Mr. Umarjadi Njotowijono, Director General, ASEAN-Indonesia; Mr. M. Jusof Hitam, Director General, ASEAN-Malaysia; Mr. Aziz Mahmoud, Director General, ASEAN-Singapore; and Mr. Vudhi Chuchom, Acting Director General, ASEAN-Thailand. The Secretary General of the ASEAN Secretariat, Honorable Narcisco G. Reyes, was also in attendance.

The welcome remarks of Foreign Minister Carlos P. Romulo as the chairman of the ASEAN Standing Committee, were read by Mr. Hidalgo.

Minister Romulo noted that the ASEAN-U.S. partnership has succeeded in moving into a "commitment stage" based upon "mutual respect and mutual interest."

He stressed that ASEAN and the United States share a long-range concern for the continued stability and sustained economic growth of the region. This is manifested by their common position in support of the UN Resolution which calls for the withdrawal of all foreign forces from Kampuchea.

General Romulo expressed optimism that despite the political tension, ASEAN has not veered from the course leading to its goal of self-reliance, economic strength, political cohesiveness and meaningful cooperation with third countries.

Noting the progress made in regional, cultural, social, and agriculture projects as well as in energy cooperation, he urged the delegates to pursue the activities in energy-related cooperation as well as in small-scale industry and shipping.

Finally, stressing that more needs to be done in the face of a worsening world economic crisis, he specifically endorsed several of the strategies set forth by U.S. Secretary of State, Edmund Muskie, for industrial nations to follow. He suggested that these strategies might well serve as guidelines in broadening the base of this dialogue.

The two sides reviewed with satisfaction the continuing growth of ASEAN-U.S. cooperation which complements their close bilateral relationships. During the meeting, they reaffirmed the mutual value of the ongoing ASEAN-U.S. Dialogue as the forum for their consultation and collaboration in support of peace and stability and economic development in Southeast Asia. The meeting examined all aspects of ongoing economic, social, and cultural cooperation between ASEAN and the United States; and exchanged views on ways to further develop these relations. A number of new project proposals were introduced and discussed and they will be further studied by ASEAN and the United States.

The discussion also covered a wide range of economic areas of mutual interest to ASEAN and the United States. Both sides agreed on the need for more intensive, cooperative efforts to counter developments in the international economic environment which posed a threat to continuing economic growth. At the same time, they recognized the opportunities for renewed growth associated with expanded U.S.-ASEAN cooperation.

ASEAN and the United States expressed satisfaction that the ASEAN-U.S. Dialogue has played a helpful role in the successful Common Fund negotiations completed in June of this year [1980]. The meeting also agreed to cooperate in the work of the forthcoming preparatory commission and particularly to elaborate positively operational aspects which will ensure a viable and effective common fund. ASEAN urged the United States to support the Philippines' bid for the site of the Common Fund headquarters. The United States expressed appreciation for being informed of the ASEAN position and agreed to give it early consideration. The meeting also discussed other measures to overcome international commodity problems. These included the early establishment of international commodity agreements covering commodities of mutual interest. In noting the successful conclusions of negotiations on the International Rubber Agreement (INRA), ASEAN expressed its appreciation to the United States for its support for Kuala Lumpur as the headquarters of INRA. Both sides agreed on the need for effective mechanisms to ameliorate the adverse effects of export earnings in stability. The meeting also exchanged views on tin with a view to paving the way for successful negotiations for a viable and effective sixth international tin agreement.

The United States noted that bilateral agreements reducing tariff and nontariff barriers have been concluded between the United States and each of the ASEAN countries within the framework of the multilateral trade negotiations. The United States also urged the ASEAN countries to accede to the MTN Codes and agreed to clarify the various questions raised by ASEAN regarding the codes and certain tariff concessions made by the United States in the MTN prior to the ASEAN meeting on the MTN, scheduled in Manila on September 24–26, 1980.

The United States also agreed to consider ASEAN request for additional product-specific tariff concessions, including some items previously discussed in the tropical products segment of the MTN. These discussions would take place in the context of bilateral trade negotiations which the United States is willing to undertake prior to January 3, 1982.

In response to the ASEAN request for accelerated implementation of U.S. MTN tariff concessions, the United States reported that it had already made a maximum effort in the MTN to accelerate staging of its tariff concession to ASEAN, but agreed to accept for review ASEAN country lists of those items which are not currently receiving accelerated implementation.

Both sides expressed concern about growing protectionist pressures and their potential adverse impact on world trade, and, in particular the trade of developing countries. The United States reiterated its resolve to resist self-defeating protectionist pressures. It cited Secretary Muskie's speech at the UN Special Session in which he committed the United States to support a pledge by all countries to restrain protectionism and facilitate adjustment.

The United States reported that it has made substantial improvements in the U.S. Generalized Scheme of Preference since the last Dialogue.

ASEAN expressed its appreciation to the United States for the inclusion of Indonesia as a beneficiary of the U.S. GSP and the liberalization of the cumulative rules or origin. ASEAN welcomed this positive contribution to improve developing country access to the U.S. market. ASEAN urged further improvement in certain features of the program, specifically in product coverage, competitive need limitations and rules of origin. The United States suggested that the ASEAN countries submit requests during the annual product review to have additional products included in the list of eligible items. The United States also invited ASEAN to seek designation as a recognized regional association so as to qualify under the liberalized cumulative rules of origin. The United States also noted that ASEAN's GSP benefits continue to grow rapidly and indicated its willingness to send experts to the ASEAN countries to explain the GSP program.

Both sides recognized the importance of the private sector in expanding ASEAN-U.S. economic relations and expressed satisfaction with the formation of the ASEAN-U.S. Business Council.

The meeting expressed confidence that the Council's proposed program will lead to closer cooperation between the private sectors in ASEAN and the United States.

The United States delegation reaffirmed the deep interest of the Export-Import Bank of the United States in the ASEAN countries, and its commitment to the expansion of economic and trade relations in support of ASEAN objectives. They indicated the bank would finance at least $2 billion in transactions with the ASEAN countries over the next five years, including ASEAN industrial projects.

Recognizing the important stimulus which the programs of the Overseas Private Investment Corporation afford to the flow of private American investment to ASEAN, the U.S. side noted OPIC's confidence and enthusiasm for assisting ASEAN enterprises in locating appropriate U.S. partners and in supporting them in establishing and sustaining investments which will contribute to ASEAN's development goals. The U.S. side announced that a high-level delegation from OPIC would visit the region in October, 1980.

Both sides reviewed the status of ASEAN-U.S. development cooperation, and expressed satisfaction with the progress since the last Dialogue. The United States reiterated its strong commitment to regional development projects with ASEAN. In this connection, it announced that U.S. review of the ASEAN plant quarantine project has been completed and the United States is now ready to sign the formal project agreement. The United States also expressed its commitment to continue working with ASEAN on the ASEAN watershed conservation and management research program, and announced the scheduled arrival of a U.S. advisory team on September 14, 1980.

ASEAN and the United States noted with satisfaction the signing of the project agreement on August 28, 1980, providing for U.S. assistance in the establishment of an ASEAN Agriculture Development and Planning center in Bangkok, Thailand.

The United States also responded favorably to a new proposal presented by ASEAN for an ASEAN scholarship program for applied tropical medicine and public health.

Both sides noted that continued increases in the world oil price call for greater cooperation among industrial and developing countries in accelerating the transition to non-oil energy sources. Thus, the recent tour of ASEAN energy experts to U.S. energy facilities and organizations has served to stimulate ideas for greater collaboration in energy matters between ASEAN and the United States. As a first step in energy cooperation, ASEAN and the United States have agreed on a program of technical assistance, professional development, and formal exchange. The United States looks forward to working with ASEAN to develop the next phase of energy cooperation program over the next few months. The United States also proposed establishment of an ASEAN-U.S. consultative group on energy composed of senior officials and ASEAN agreed to look into this proposal.

The meeting reviewed the useful joint projects concerning drug control in the fields of law enforcement, preventive education and treatment and rehabilitation undertaken since the exchange of notes at the 1979 Ministerial meeting between ASEAN and the United States in Bali. They agreed to continue efforts to expand and improve this cooperation.

In order to continue the effective dialogue on economic matters that has characterized the ongoing ASEAN-U.S. Dialogue, both sides agreed to establish an Economic Coordination Committee associated with the ASEAN Washington Committee, as a forum for discussing economic issues of mutual interest.

Both sides were pleased that agreement on the committee had been reached, and considered its establishment a major achievement of the Third ASEAN-U.S. Dialogue and a positive step in the strengthening of ASEAN-U.S. consultations.

On shipping, both sides agreed that ASEAN and the other non-Communist developing countries' shipping lines be exempted from the constraints of the U.S. Ocean Shipping Act of 1980.

It was agreed that the Fourth ASEAN-U.S. Dialogue would be held in the United States next year on dates to be mutually agreed upon.

The ASEAN and United States delegations thanked the government and people of the Philippines for the warm hospitality extended to them during their stay in the Philippines.

The Third ASEAN-U.S. Dialogue was concluded in an atmosphere of mutual understanding and friendship. ■

U.S.-China Sign Grain Agreement

WHITE HOUSE STATEMENT, OCTOBER 22, 1980[1]

Today, we signed, in Beijing, a grain agreement with the People's Republic of China which accomplishes two important things. First, it will promote the sale of U.S. grain to a large and growing market. Second, it will further the process of building a long-term structure for U.S.-China relations.

Under the terms of this agreement, China will purchase at least 6 million metric tons (MMT) of U.S. wheat and corn annually for a 4-year period beginning January 1, 1981. The Chinese may purchase up to 9 MMT without prior notice.

Since the establishment of diplomatic relations in January 1979, U.S. agricultural exports to China have expanded rapidly and will reach a record $2 billion in 1980. China is now our most important customer for cotton and one of the most important for other farm products.

The agreement grew out of a dialogue dating back to Secretary [Bob] Bergland's visit to the People's Republic of China in 1978. It will provide important benefits for both U.S. farmers and consumers. It will help to moderate the wide swing in grain prices that are often associated with annual fluctuations in agricultural exports. The agreement will also provide further stimulus to our dynamic agricultural export sector and contribute to our growing surplus in agricultural trade, which will reach $22 billion in 1980.

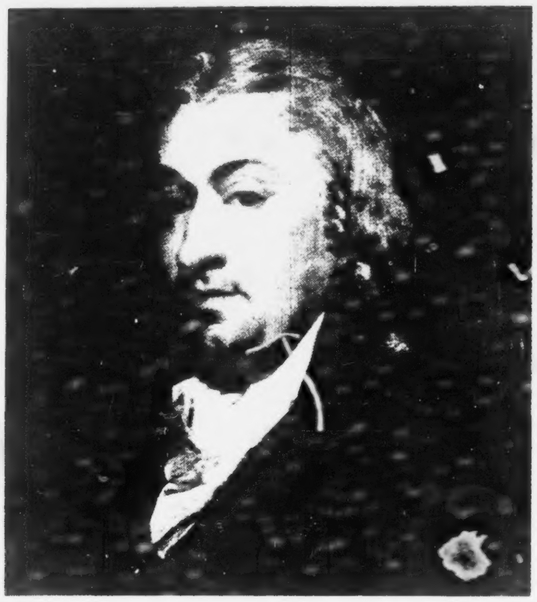
The President takes great personal pride in the fact that, in his Administration, he was able to take the difficult but enormously successful step of establishing full diplomatic relations with China, the largest country in the world.

The establishment of diplomatic relations with China almost 2 years served briefly as chairman of the committee, which in 1777 was renamed the Committee for Foreign Affairs.

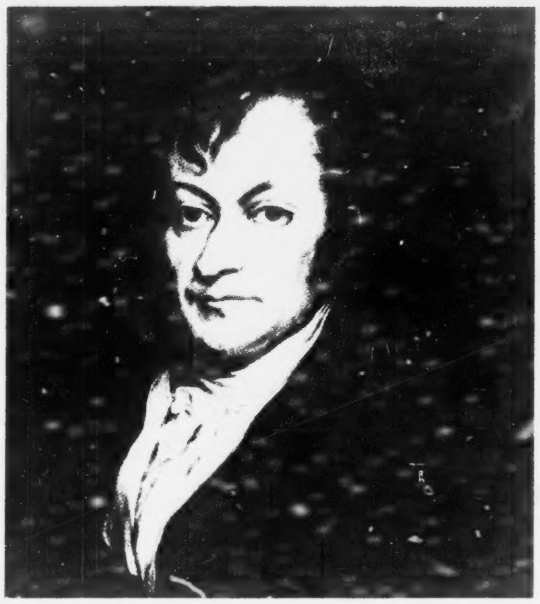
Unfortunately, this committee's scope was strictly limited. As one of its most active members, James Lovell said: "There is really no such thing as a Committee for Foreign Affairs existing—no secretary or clerk further than I presume to be one and the other. The books and papers of that distinguished body lay yet on the table of Congress, or rather are locked up in the Secretary's [Secretary of Congress] private box." Franklin, sent to France as a representative of the United States, recognized the need for improved administration of foreign policy. Noting that Congress had placed the finances of the country in the hands of one person, he wrote: "I wish they would do the same with their [foreign] correspondence, by appointing a single secretary for foreign affairs." The first constitution of the new nation, the Articles of Confederation, permitted Congress to select "such committees and civil officers as may be necessary for managing the general affairs of the United States."

Shortly after the congressional resolution of January 10, 1781, Congress selected Robert R. Livingston, a delegate from New York, as the first Secretary for Foreign Affairs. He took office on October 20, 1781, and served until June 4, 1783. Livingston experienced considerable frustration in office. One historian notes that his duties were not "clearly defined and he was never

The Livingston Brothers



Robert R. Livingston (Department of State photo)

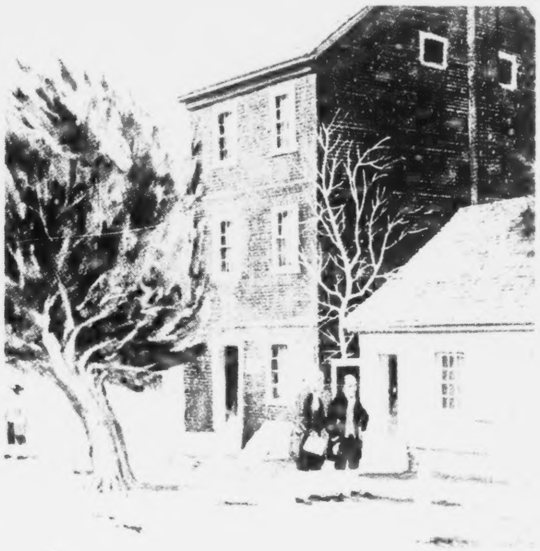


Edward Livingston (Department of State photo)

Robert R. Livingston was born in New York City in 1746. He served on several committees of the Continental Congress, including the one that drafted the Declaration of Independence. He was the first Secretary for Foreign Affairs, serving from 1781 to 1783. In 1789 he administered the oath of office to President George Washington. As Minister to France (1801–04), he helped arrange the Louisiana Purchase.

Edward Livingston, Robert's brother, was born in 1764 at "Clermont," New York. After serving as a Representative from New York and as Mayor of New York City, Livingston moved to New Orleans in 1804. He was a Representative from Louisiana (1823–29) and a Senator (1829–31) before serving as Secretary of State under President Andrew Jackson (1831–33). He then served as Minister to France (1833–35). His chief concern was with the French spoliation claims, involving compensation for damages to American shipping during the wars of the French Revolution.

13 South Sixth Street, Philadelphia



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Soon after taking office as Secretary for Foreign Affairs, Robert R. Livingston set up his offices in a small, plain, brick house at 13 South Sixth Street in Philadelphia. This building was the first home of an office of foreign affairs as an entity separate from Congress.

The building had been erected in 1773. It consisted of three stories and an attic, with two rooms to each story; it had a gable roof which sloped to front and rear. A room on the second floor overlooking the street served as Livingston's office. Various "great personages" of the time "frequently clambered up the dark and narrow winding stairs" to transact business with the Secretary. Livingston's staff consisted of two Under Secretaries, a translator of French, and a clerk. The two Under Secretaries shared a back room on the second floor and the translator and the clerk occupied the ground floor.

The building ceased to be the home of the Department of Foreign Affairs after Livingston resigned in 1783. A succession of tenants then occupied it, using it at different times as a residence, a shop, and a boarding house.

given a free hand." Later he served as Minister to France and in 1803 negotiated the Louisiana Purchase.

John Jay, another New Yorker, who had helped Franklin negotiate the Treaty of Paris (1783) that ended the Revolutionary War, was appointed Secretary for Foreign Affairs on May 7, 1784, and he remained at this post until 1790. Jay became a severe critic of his own organization, whose powers were ill defined and whose leader was never granted sufficient freedom of action. During the national debate on whether to adopt the new constitution drafted in 1787, Jay cogently summarized his critique of congressional foreign policy under the Articles of Confederation:

> They may make war, but are not empowered to raise men or money to carry it on. They may make peace, but are without power to see the terms of it imposed. . . . They may make alliances, but [are] without ability to comply with the stipulations on their part. They may enter into treaties of commerce, but [are] without power to enforce them at home or abroad.

In short, Jay concluded, Members of Congress "may consult, and deliberate, and recommend, and make requisitions, and they who please may regard them," that is, obey. He thought that few would do so.

The Constitution put into effect in 1789 obviated much of Jay's criticism. Article II, section 2 makes the President "Commander in Chief of the Army and Navy of the United States" and also gives the Chief Executive the power, "by and with the Advice and Consent of the Senate, to make Treaties, provided two thirds of the Senators present concur." Finally, the President "shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls. . . ." These provisions placed the conduct of foreign affairs principally in the hands of the executive branch, but certain powers conferred upon the legislative branch—especially to declare war, appropriate funds, and advise and consent on treaties and appointments—gave Congress significant ability to influence foreign policy.

The Constitution did not specify an exact division of responsibilities between the President and Congress for the direction of foreign relations, but early precedents confirmed executive predominance. Thomas Jefferson clearly delineated the reasons for this development; he insisted that "the President is the only channel of communication between this country and foreign nations, and it is from him alone that foreign nations or their agents are to learn what is or has been the will of the nation." He concluded that other countries should not be given an opportunity to play off the executive against any other branch. Ever since the earliest days of the Constitution, Presidents and Secretaries of State have adopted this view, although they have recognized the important role of Congress in the foreign policy process.

On May 19, 1789, James Madison of Virginia, then sitting in the House of Representatives, began the process that redefined the functions of the Department of Foreign Affairs under the new Constitution. He proposed the creation of "an Executive Department to be denominated the Department of Foreign Affairs." At its head would be "an officer, to be called the Secretary to the Department of Foreign Affairs." On July 27 Washington signed legislation to this effect. Soon, however, a new law passed Congress giving certain domestic responsibilities to the new Department as well as foreign duties. On September 15, President Washington approved this substitute, which set up a Department of State with a Secretary of State at its head. The President immediately appointed Thomas Jefferson of Virginia, then Minister to France, to be the first Cabinet member under the Constitution to hold the position of Secretary of State. The author of the Declaration of Independence took up his new duties on March 22, 1790.

The small executive Department did not grow rapidly during its early years. Jefferson's initial staff consisted of a chief clerk, three other clerks, a translator, and a messenger. (The title "clerk" refers to officers charged with the composition of messages to overseas missions and other correspondents.) The Department's domestic budget for 1790, not counting expenses of employees overseas, amounted to a mere $7,961—the cost of salaries, rent, and supplies such as firewood and stationery. The Secretary of State's salary was $3,500. Total expenditures in 1791, both domestic and foreign, were $56,600. In 1807 the Department's staff included only a chief clerk, five other clerks, and some part-time help, along with a few retainers. The Secretary of State's salary had been raised to $5,000 per year. In 1818 a Presidential order authorized a staff that included a chief clerk, seven other clerks, and a few others. In 1820 expenditures for domestic operations reached $87,300; overseas operations totaled $253,400.

Domestic Duties of the Department of State

On September 15, 1789, Congress passed "An Act to provide for the safe keeping of the Acts, Records, and Seal of the United States, and for other purposes." This legislation changed the name of the Department of Foreign Affairs to the Department of State because certain domestic duties were assigned to the agency. Among these duties were:

- Receipt, publication, distribution, and preservation of the laws of the United States;
- Preparation, sealing, and recording of commissions given to Presidential appointees.
- Preparation and authentication of copies of records and authentication of copies under the Department's seal;
- Custody of the Great Seal of the United States; and
- Custody of books, records, and papers of the former Secretary of the Continental Congress, except those of the Treasury and War Departments.

Many comparable functions were added at various times since 1789, among them issuance of patents on inventions, publication of the census returns, management of the mint, controls of copyrights, and regulation of immigration.

Most domestic functions have been transferred to other agencies. Among the few that remain in the Department are: storage and use of the Great Seal, performance of protocol functions at the White House, drafting of certain Presidential proclamations, and replies to public inquiries.

The early overseas service of the United States was as unpretentious as

Marine Security Guards

During the 19th century, the U.S. Navy was frequently called upon to protect American lives and property in remote parts of the world. Marine detachments usually took part in these operations and on occasion were expected to protect diplomatic missions. The first such instance took place in 1835, when four Marines from the U.S.S. *Brandywine* were assigned to protect the Consulate in Lima, Peru. The next year, one Marine was detailed to this task. Legation guard detachments were stationed at various times in Tokyo, Seoul, and Managua. A Marine detachment helped defend the Legation in Peking during the Boxer Rebellion, and a Legation Guard remained in China until World War II.

Civilian guards were unable to maintain adequate security at overseas missions, and the Department accordingly turned to the Armed Forces. The Secretary of State and the Secretary of the Navy signed a memorandum of agreement on December 15, 1948, which established the present Marine Security Guard program. The first detachments left for Bangkok and Tangier on January 2, 1949. Today 1,112 Marines are assigned to 119 Foreign Service posts throughout the world. Their mission is the maintenance of internal security. In an emergency, their basic task is to gain time for personnel to reach safety and for the host government to fulfill its obligations to protect diplomatic missions.

Five Marine Security Guards have been killed in the line of duty. The most recent fatality was Corporal Steven Crowley, who lost his life in the attack on the U.S. Embassy in Islamabad on November 21, 1979. Nine other Marines are among the hostages in Tehran.

The Hülsemann-Webster Exchange

In 1850 the Austrian charge in Washington, the Chevalier Hulsemann, who strenuously objected to supposed American interference in the domestic affairs of Hungary, communicated an insulting message to the Department of State. His Government, he stated, had "deemed it proper to preserve a conciliatory deportment making ample allowance for the ignorance of the Cabinet of Washington on the subject of Hungarian affairs and its disposition to give credence to the mendacious rumors which are propagated by the American press."

To this statement Secretary of State Daniel Webster replied in kind: "Nothing will deter either the Government or the people of the United States from . . . forming and expressing their own opinions freely and at all times upon the great political events which may transpire among the civilized nations of the earth. Their own institutions stand upon the broadest principles of civil liberty; and believing those principles . . . to be . . . in fact the only principles of government which meet the demands of the present enlightened age—the President has perceived with great satisfaction that in the constitution recently introduced into the Austrian Empire many of these great principles are recognized and applied."

Townsend Harris was the first American diplomat to be stationed in Japan. As Consul General at Shimoda, he negotiated a commercial treaty opening Japanese ports to American trade. He then served as Minister Resident (1859–62). (Library of Congress photo)

nings of American interest in the Pacific Ocean and East Asia led to modest representation there. Ministers were sent to China in 1843 and Japan in 1859, and a resident commission was stationed in the Hawaiian Islands in 1843.

By 1860, 45 people held appointments in the Diplomatic Service, a remarkably small number for 33 missions. Their maintenance cost the United States about $370,000, an increase from about $200,000 in 1833. Total expenditures overseas rose from $294,000 in 1830 to $1.1 million in 1860. Some ministers supplemented their staffs by appointing "unpaid attaches," usually young men of private means who performed certain duties in return for admission into local society and opportunities for personal study and travel.

Similar growth occurred in the Consular Service. The number of posts increased from 141 in 1830 to 282 in 1860, reflecting the considerable expansion of foreign trade from 1840 to 1860. Consular functions enlarged, but hardships bedeviled life in the service. The American consul at Genoa during the 1840s, C. Edwards Lester, summarized the situation: "An American consul is often a foreigner, almost always a merchant, can't live on his fees, nor even pay the necessary expenses of his office; [he] is scolded or cursed by everybody that has anything to do with him, and is expected to entertain his countrymen, not only with hospitality but with a considerable degree of luxury."

However trying, Genoa was surely a more desirable post than the Brazilian port of Pernambuco, now called Recife. In 1858 Consul Walter Stapp reported from Pernambuco that one of his predecessors had resigned before taking up his office because he had

Caleb Cushing, American commissioner to China, negotiated the Treaty of Wang-hsia in 1844, gaining most-favored-nation commercial privileges and extraterritoriality for Americans in China. (Library of Congress photo)

received "such mournful accounts of this place as to disgust him in advance of his arrival." Moreover, he continued, "*four* others have left their bones to bake in these fearfully hot sands, without a slab of stone or a stick of wood to point the stranger to their graves."

Beset by difficult climates and low salaries, consuls rarely received much assistance from their government. In 1833 Secretary Edward Livingston noted that officials in the domestic service of the nation were "surrounded with the means of obtaining information and advice" but that "abroad, an officer is entrusted with the most important function, out of the reach of control or advice, and is left with, comparatively speaking, no written rules for his guidance." A few consuls apparently succumbed to temptation. An auditor reported in 1861 that the consul in Liverpool had not reported expenditures of public money for 3 years, "contracting public and private debts, which . . . probably exceed $200,000. It is perhaps some consolation to know that this plunderer no longer disgraces the Government abroad."

Congress delayed action to improve the situation of American representatives abroad until 1856, when it enacted a reform of the Diplomatic and Consular Services. The law concentrated on the most publicized problem—inadequate compensation. It prescribed salaries for ministers that ranged from $17,500 per year for London and Paris to $10,000 per year for most other places. (The ceiling of $17,500 for heads of mission endured 90 years, until 1946.) In addition, consuls were given regular salaries. Fees collected at consulates were henceforth to be sent to the Treasury. Written regulations were developed to improve the performance of the foreign services.

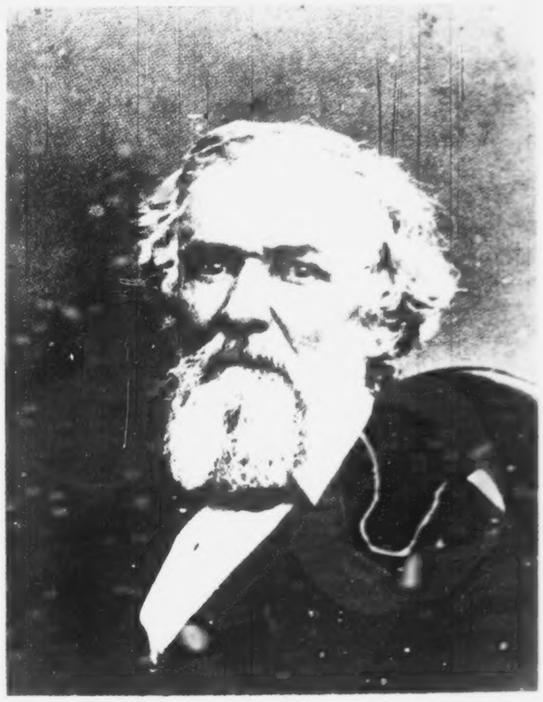
A 19th Century View

"Consul, n. In American politics, a person who having failed to secure an office from the people is given one by the Administration on condition that he leave the country."

Ambrose Bierce
The Devil's Dictionary

The act of 1856 represented a step forward, but it fell short of providing for truly professional foreign services. Most ministers and consuls gained appointment because of personal wealth, political services, or social position. Many lacked qualifications—even the most elementary knowledge of diplomatic etiquette. For example, John Randolph of Virginia, when presenting his credentials at St. Petersburg, said to the Czar, "Howya, Emperor? And how's the madam?" One of the few talented diplomats of the era who made a career in the foreign service, Henry Wheaton, argued in vain for a professional service that recognized merit and granted tenure to the deserving. Those with necessary qualifications—linguistic skill, awareness of diplomatic forms, and appropriate experience—should, he thought, "be employed where they can do most service, while incapable men should be turned out without fear or partiality. Those who have served the country faithfully and well ought to be encouraged and transferred from one court to another, which is the only advancement that our system permits of." Wheaton joined others in complaints about inadequate compensation.

Despite the U.S. failure to create professional foreign services, many were the accomplishments of the expanding nation in foreign affairs, and the Department of State made significant contributions in almost every instance. One striking achievement of the period was the successful resolution of many disagreements with the one nation—Great Britain—that might have threatened the security of the United States. Peaceful settlements regularly resolved Anglo-American controversies over boundaries, fisheries, and trade, notably through the so-called friendly conventions of 1817–18, the Webster-Ashburton treaty of 1842, the Oregon treaty of 1846, and the Clayton-Bulwer treaty of 1850. Of comparable importance were successful negotiations that furthered the march of the United States across the continent, especially the treaty of Guadalupe Hidalgo that ended the Mexican war with the annexation of New Mexico and California in 1848 and the purchase of Alaska from Russia in 1867. In all these situations, the United States took advantage of favorable bargaining positions. Despite the handicap of amateur diplomacy, no



Nicholas Trist, Chief Clerk of the Department of State, followed General Winfield Scott's army to Mexico City. Ignoring an order recalling him to the United States, Trist negotiated the treaty of Guadalupe-Hidalgo with Mexico in 1848, extending American territory to the southwest from the Nueces River to the Pacific Ocean. (Library of Congress photo)

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irreversible. But they loom on the not-too-distant horizon, gathering clouds we must seek to understand and move to address.

Energy

In one essential aspect of reconciling human needs and global resources, we have made a good beginning in recent years. I speak of our energy future.

It is just a beginning, but it is grounded in an emerging international awareness that the end of the oil era is pressing upon us. Here at home, both our use and our imports of oil are finally going down. Domestic energy production is now going up. And the quest for new, renewable fuels is underway.

But we are by no means out of the woods. The trend is unmistakably in the direction of declining world oil supplies and increasing costs. The entire world faces the difficult transition out of the era of bountiful and inexpensive oil.

As we navigate this passage, the strains on the international economy will continue to be severe. Each time world oil prices rise 10%, world inflation jumps 1%, and overall world growth falls by a half percent. As world growth rates lag—and that is the outlook at least in the near term—the flow of world trade suffers, and competition among trading nations grows more intense.

The economic pressures on the less developed nations during this period of energy transition will be particularly difficult. Those developing nations that import oil have seen their overall oil bill rise 1,500% in the 1970s. Many have had to borrow heavily. Their debt now totals $300 billion. Just to service that debt and pay for their oil imports now costs developing countries half of everything they earn from their exports.

Thus even as we design and build a new energy future—one less reliant on petroleum—the international community, oil exporting nations no less than the importing nations, continue to face the essential task of bringing greater stability to the pricing and the financing of our energy needs.

Spread of Military Technology

With the growing international access to nuclear power has come a greater potential access to the technology of nuclear weapons. Some half-dozen additional nations have the capability to produce a nuclear weapon within 2 years of a decision to do so. That is a chilling fact. Imagine how much more dangerous would be any of the smoldering regional disputes we see in the world if one or both rivals had nuclear weapons.

And the unmistakable direction is toward greater and greater sophistication in the arsenals of the two nuclear superpowers—the United States and the Soviet Union. Greater accuracy and precision in our weapons, increased reliance on mobility and concealment, new military frontiers outside the atmosphere and inside the atom—these new technological vistas will be explored and conquered in the years ahead.

Whether the results of these new developments will be greater security for our people or less, however, depends not on the genius of our advanced scientists but on the wisdom of our political leaders.

International Cooperation

Individually and together, the developments I have mentioned raise a central paradox for the next decade. For the nations of the world to shape their own national futures will require an unprecedented degree of international cooperation. But the very challenges and strains which make that cooperation essential also make it intensely difficult.

None of the developments I have described can be significantly affected unless nations act together to do so.

- Bringing population growth under sensible and humane control will require both international resources and national policies.
- Striking a decent balance between the growing demands of more people for a better life and the single planet which must sustain all life is, by definition, a global enterprise.
- Managing national economies in ways that strengthen the overall health of the international economy rather than undermine it, building a security environment and an enforceable regulatory regime that restrain the spread of nuclear weapons, bringing the strategic arms race under sensible control—all of these essential efforts require a commitment to negotiation and to compromise.

Short-Term Advantages vs. Long-Term Interests

But the same international factors that command cooperation also conspire against that cooperation. Hard times inevitably drive peoples and nations toward preoccupations inward. The natural tendency is to invest attention and effort on protecting one's short-term advantage, even at the expense of the longer term future.

What choice does the subsistence farmer have but to cut whatever firewood is available to cook the family's food regardless of the long-term ecological impact? What incentive is there for parents in an impoverished rural village to limit the number of their children when a larger family can be insurance against an uncertain future?

The same principle applies to nations. We have already seen the temptation to gain short-term national advantages when energy markets are tight, even if it drives up the longer term price. And when growth is slow and unemployment is high—in our nation or in others—pressures mount to protect domestic industries from outside competition, despite the longer term costs to all trading nations from a protectionist spiral.

By the same token, as growing demands for visible improvement in standards of living press in on fragile new governments, we could see the politics of Third World nations become more tumultuous.

As these internal frustrations are turned outward, the potential for regional rivalries and conflicts increases. And unless a pattern of mutual restraint is established on the part of outside powers, these internal and regional tensions will be a source of growing tension and danger in East-West relations.

In short, we face a period in which nationalistic impulses will be strong. The great challenge—for us and for others—will be to resist short-term expedients that only mortgage our future security and well-being, to take an enlightened, longer term view of our national interests.

Future Choices

What does this mean for our own future and for the choices we face in the years ahead?

Certainly, the next several years must be a time for building America's strength—for investing wisely in a military posture for the remainder of this century that will assure the balance and the stability upon which world peace rests, for regaining control of our energy future, for rejuvenating the productivity and competitiveness of the American economy.

But in the process of building our strength we, too, must resist the temptation to turn inward, to see unilateral solutions to problems that can only be solved through common action, to place barricades around our economy and ring our diplomacy with steel.

We must be deeply conscious, in the years ahead, of the constant need to balance the determined pursuit of our safety and prosperity in the short run with a willingness to cooperate and compromise in pursuit of long-term interests we share with others.

There is no question that we face a period in which our own increased defense efforts are required. Soviet military power has increased steadily and significantly over the past decade. It would be highly dangerous for us to permit the global military balance to tilt in the Soviets' favor.

But even as we modernize our own military capabilities, even as we maintain our staunch opposition to Soviet military adventures in Afghanistan and elsewhere, we must continue the quest for practical, achievable, equitable agreements that restrain the arms spiral.

Military technology will not stand still while we talk about ways to control it. It will move ahead. Achieving balanced and enforceable restraints will become more difficult.

If we are to keep a handle on this costly and increasingly dangerous competition in strategic weaponry, we must build on the progress already achieved and press for further progress with a sense of urgency.

A balance between short-term needs and longer term interests must also be maintained in the area of trade. We must insist that the rules of international trade be fair for American workers and American industries. There will be situations in which temporary assistance to distressed industries will be necessary and appropriate. And we must be constantly sensitive to the immediate problems faced by workers and communities and companies disrupted by shifting patterns of world trade.

But if our response to a generally more competitive trading environment is to erect artificial barriers to an open trading system, we will only suffer in the long run.

We are a nation that thrives on world trade. One out of seven jobs in manufacturing alone depends on our exports. One acre of U.S. farmland of every three produces for exports.

If others cannot sell to us, it inevitably becomes more difficult for us to sell to others. Protectionist answers drive our economy down and our inflation up. For the sake of our future prosperity, we must strive to make our own economy more competitive while keeping the international economy open to fair competition

The same balance between short- and long-run interests will also be required in the pursuit of a more stable and peaceful world.

- We must be prepared to defend our vital interests if they are endangered. We must be willing and able to meet the legitimate defense needs of friends threatened by external pressures. And there will be security interests that require our continued relationship with governments that are unpopular with their own people. But we must also recognize that our security over the longer term is best assured if, working together with others, we are effective in addressing the conditions that breed instability and conflict.
- We must continue to be an active force for the peaceful resolution of potentially explosive regional disputes—in the Middle East, in southern Africa, in Central America, and elsewhere.
- We must invest in the economic progress of developing nations because it will contribute to our own progress and because hopelessness and frustration are the combustible ingredients for violence and extremism.
- We must continue to press for progress on human rights, encouraging the growth of political and economic institutions that can accommodate to change peacefully and that rest on the solid foundation of popular consent.

Finally, there is one other balancing act implicit in all the others—reconciling the need for a tightened national budget with the need for greater resources to advance our international interests.

The United States now ranks 15th among the 17 major industrial countries in the amount we spend per capita on international assistance. No programs have a narrower constituency among the American people and in Congress.

But we must come to recognize that helping to plant new forests in Africa, assisting small farmers in the Caribbean grow more food, aiding postwar reconstruction and reconciliation in Zimbabwe and Nicaragua, contributing to the ability of our friends in Southeast Asia to defend themselves from outside threats—these efforts are not "give-away" programs; they are not international charity. They are investments we make in our own future no less than the futures of others.

All of the trends I have spoken of today are real, whether we like them or not. But all of them are the work of human beings. And all of them can be harnessed and controlled by human beings, if we have the will and the skill to blend with our current preoccupations a determination to secure a safer future.

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[1] Press release 336. ■

Securing a Safe Future

Address at Kansas State University in Manhattan, Kansas, on December 4, 1980.[1]

I'm grateful to Larry Berg and to the Institute of Politics and Government for inviting me to this conference and for drawing attention to the related problems of refugees and hunger in the world. And I want to express gratitude also to this audience, so many of whom have been in the forefront of efforts to help refugees here in California.

America's history and its resources —what we are and what we have—make it impossible for us to ignore these issues. Indeed, our historic values and our unmatched wealth compel us not just to play a role but to play a role of leadership in dealing with them.

Today I want to focus upon the subject of refugees: on the moral and practical issues that come to us in the human shape of up to 15 million refugees and displaced persons worldwide. I want to sketch for you the dimensions of the refugee problem as it confronts the United States and the world community. And I want to discuss what will be required of us—here at home and in our efforts abroad—if we are to deal responsibly with this issue.

If my remarks have any central point, it is this: that the United States and the world community must deal not only with the pressing outward manifestations of the refugee problem but with its underlying causes—war, political persecution, and other oppressions of the human person.

Dimensions of the Problem

One picture, as the old saying puts it, is worth a thousand words. And surely this is true when we see the photographs of ago made it possible for us to move ahead to build a new relationship which truly enriches us in knowledge, trade, and culture.

- Trade more than doubled from $1.1 billion in 1978 to $2.3 billion in 1979. This year we estimated it will almost double again to $4 billion.
- About 25 cultural and sports delegations from China visit our country every 6 months, and we are reciprocating with visits by orchestras and other cultural groups as well as our Olympic athletes.
- We have 13 separate working agreements in science and technology, which not only give us current and future commercial benefits but make it possible for our scientists and technicians to share in China's research in medicine, earthquake prediction, and agriculture.

Important as they are, there is more to our relationship than trade and cultural ties. We have also begun, carefully and deliberately, to build a consultative relationship which will enable us to work together to identify and cooperate on issues of common interest, such as the Soviet invasion of Afghanistan.

This effort to construct a long-term strategic relationship is still new and, therefore, fragile. It is based on carefully written and painstakingly negotiated understandings set down in the joint communique establishing diplomatic relations between the United States and China. This Administration has consistently made clear its resolve to honor those understandings.

We have come a long way since that day almost 2 years ago when the President announced that we had reached agreement with the Chinese on the establishment of diplomatic relations. Thirty years of mutual isolation and hostility have been replaced with a deepening consultative relationship which is already contributing significantly to American security and to the peace and stability in East Asia and the world beyond.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 27, 1980. ■

U.S.-Japanese Relations in the 1980s

by Richard C. Holbrooke

Address before the Japan Society in New York on November 21, 1980. Mr. Holbrooke is Assistant Secretary for East Asian and Pacific Affairs.

During the last few months, I have given a number of speeches on strategic issues in East Asia, the continuing war in Indochina, and the development of our new relationship with China. Although Japan has figured importantly in those speeches, as the cornerstone of our strategic posture and our strategic interests in the area, I have not yet discussed, in any detail, how I see the evolution of U.S.-Japanese relations in the midst of these other developments.

In less than 2 months I shall be leaving my present position. I shall leave with a sense of satisfaction that our relations with Japan have matured into a full-fledged, more equal and productive partnership. Nevertheless, challenges remain before us in the 1980s, challenges that will test our ability and creativity in adapting the U.S.-Japanese alliance to an increasingly uncertain environment.

Recent Developments

In the past 4 years, Japan's role in the world has begun the transformation from one of caution, with almost total attention to pragmatically centered economic activity, to political activism, partnership, and leadership. This change was first evident when Prime Minister [Takeo] Fukuda traveled to Southeast Asia in 1977, declared the "Fukuda Doctrine," and opened a new relationship for Japan with the nations of ASEAN [Association of Southeast Asian Nations]. Following that, and with Foreign Ministers [Sunao] Sonoda, [Saburo] Okita, and [Masagoshi] Ito playing leading roles, the sense of Japanese responsibility grew, not only within the government but in society at large. Under [former] Prime Minister [Masayoshi] Ohira and now Prime Minister [Zenko] Suzuki, the Government of Japan has actively reassessed the meaning of alliance and partnership, and the results, particularly in the last year, have been nothing short of astounding.

- While hoping to improve relations with the Soviet Union, Japan has, nonetheless, taken a forthright stand in imposing sanctions on Moscow, believing, as we do, that the invasion of Afghanistan cannot go unanswered. Japan has stood second to none in rejecting Soviet aggression. It joined the Olympic boycott—a difficult step for both the government and the private parties involved. It has maintained economic sanctions even in the face of less principled behavior by others who have moved in to pick up contracts Japan might have had. It has provided massive new aid to Pakistan and Turkey not, as is so often alleged, because this would open export markets, but as an instrument for strategic purposes.
- Japan accepted a cutoff of over 10% in its crucial oil shipments when it refused to pay higher prices demanded by Iran, thus aiding significantly in halting the spiraling price of petroleum. And also with regard to Iran, despite an unfortunate problem early in the hostage crisis, since then Japan has been second to none in its support for our efforts there, as well.
- Japan has greatly expanded its policy-level contacts with Europe, working closely with the European Community, as well as with the United States, not only on Iranian sanctions but in developing a dialogue on a broad rage of issues. This global approach is one of the striking features of the new Japanese policy.
- The relationship with ASEAN has deepened, and Japan has worked very closely with those nations, providing massive refugee assistance—second only to the United States—and playing a front-line role in the U.N. vote on Kampuchean credentials. Perhaps partially in recognition of the leadership role Japan played on the latter question, it was overwhelmingly voted in to serve on the Security Council recently. Only a year ago Japan had to withdraw from a similar effort.
- Again, in Southeast Asia, no nation has been more eager or more active in attempting to use its good offices and diplomatic resources to

achieve a solution to the Kampuchean problem.

- And finally, Japan has adopted a supportive and constructive approach to the allied effort to limit the damage of the Iran-Iraq war.

Speculation that these steps were purely reactive and situational—that they did not obey any larger policy concept—was dispelled by the remarkable language in the Foreign Minister's annual policy report (the Blue Book) issued in August.

> International relations are no longer considered as a given condition for Japan, but rather something which Japan should help form. As a responsible member of the international community, Japan must be prepared to make difficult choices, even make sacrifices. Such an attitude is to be backed up by a strong conviction that Japan must defend its basic values, that is, freedom and democracy . . . and further strengthen solidarity and cooperation with free nations, such as the United States and the Western European countries.

Few countries in the world today have stated their basic orientation so forthrightly.

Part of the motivation for this new approach is simply greater uncertainty about the international environment and a desire to seek safety in numbers. But I think a careful reading of Japanese political, public, and press opinion also reveals a new positive concept of Japanese interests and responsibilities. No longer is it adequate in Japanese minds to be economically strong and politically neutral. Peace in the Middle East and Persian Gulf is vital to Japan's interests. Soviet aggression anywhere is a potential threat to security everywhere. Individual willingness to accept unreasonable demands for high oil prices may produce short-term supplies but only at the cost of long-term dislocations that affect us all.

Thus, Japan has moved firmly in the direction of an alliance involving all of the industrialized democracies—not a military alliance, for that would go well beyond what is politically feasible or desirable for Japan, but a political-economic alliance in which we all work together to achieve our common objective.

A "Productive Partnership"

In a very real sense, I would argue, this represents the first stages of implementation of the "productive partnership" for the 1980s to which President Carter and Prime Minister Ohira dedicated their nations in May 1979. You may recall that such partnership was based on "shared political and economic ideals" and reflected our respective responsibilities in world affairs.

One should not assume that this has been an inevitable evolution or that it will inevitably be sustained. The Japanese Government has had to work hard with all areas of its society and body politic to garner the broad support that the policy line now enjoys. And the success is all the more remarkable in light of the severe strains within the Japanese domestic political structure in recent times.

As Japanese leaders frequently point out, the starting point for that policy is the relationship with the United States. It is, thus, incumbent upon the Japanese—and upon us—to assure that the relationship remains dynamic and that its essence remains unaffected by the specific trade problems that seem to plague us from time to time.

Indeed, it is important to remember that the movement in Japanese policy I have described, and the increasing warmth in the relationship with the United States, has taken place during a time of considerable tension and frequent confrontation on the economic front. Given problems we have had in the past such as the textile issue, one hesitates to say that the level of problems over the past few years has been unprecedented. But I think it would be hard to find an earlier time when such a broad range of problems has existed on such basic economic issues as steel, color televisions, citrus trade, rice disposals, tobacco products, government procurement, nuclear reprocessing, and—most particularly—automobiles. And yet, as a recent poll by Potomac Associates and the Gallup organization showed, Americans continue to have an increasingly favorable view of Japan and of the Japanese people.

Let me cite some of the figures. In that poll, 84% of the people had a favorable opinion of Japan—higher than West Germany (81%) or Israel (78%) or 17 other countries listed in the poll. Only 12% had an unfavorable view.

But the economic problems did not escape those polled; over three-quarters (76%) saw Japanese imports as a serious threat to American jobs today, and almost two-thirds (62%) saw such a serious threat 5 or 10 years from now. The number of Americans seeing Japan as an economic threat over the longer term declines, while those seeing China as an economic threat increase.

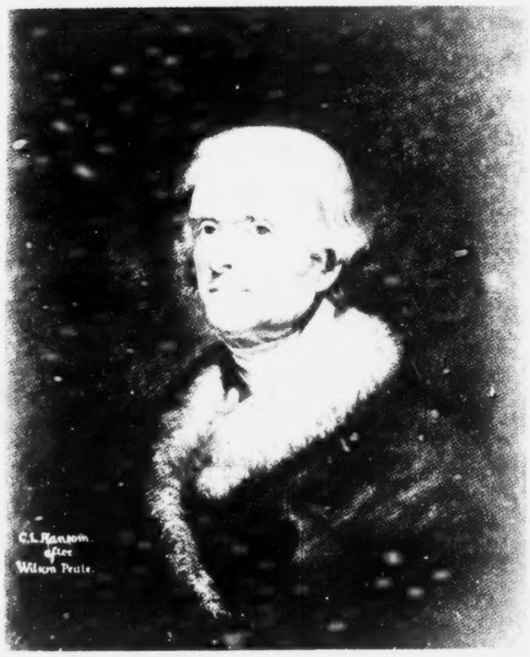
Bilateral Relationship

Here I think the successes have also been overwhelming, but I am concerned about what I would term the "pathology" of our trade disputes—concerned that over time the tendency both sides have to bring such disputes to the edge of political calamity may one day breach the firebreak we have all worked so hard to create between them and the underlying political, economic, and security relationship.

What is that pathology? The typical scenario is for the United States to identify a specific trade problem and raise it with Japan. The Japanese respond that it isn't much of a problem or there isn't much to be done about it or they'll try. Time passes. Nothing happens. Egged on by pressures from the Hill and from special interests in our business community—and one must say, sometimes at the urging of some Japanese—we escalate it to the very brink of a political breach. An agreement is finally struck which the United States views as inadequate and Japan views as the result of totally unjustified public bullying which has taken place without due regard for its concerns and its problems. The immediate crisis passes, but scars have been left. The cycle then repeats itself on some other specific issue.

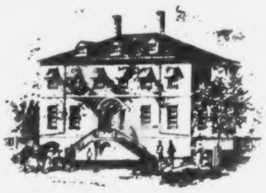
Some people have argued that such pressures and confrontations are necessary to move both sides from extreme positions to more rational stances. That may be so, but it is precisely this pathology that I find deeply troubling, indeed, destructive.

What can we do about it? I think on the American side we must resist more vigorously the temptation to "hype" specific problems. We have not done that in the case of automobiles, however. We took our stand, of course, because we judged it in our best interest to do so. But the Japanese must appreciate that in addition



Thomas Jefferson, the first Secretary of State, began the distinction between the Diplomatic and Consular Services. He established the policy of neutrality in European conflicts. When he took office in 1790, the Department included 8 domestic employees, 2 diplomatic missions, and 10 consular posts. (Department of State photo)

Treasury Department Building, Washington, D.C.



The first home of the Department of State in Washington, D.C., was in the "Treasury Department Building" which was shared with other government offices. It was located to the east of the White House, about where the center wing of the present Treasury Department building stands.

Completed in June 1800, the building was a plain two-story structure of brick on a free-stone foundation, with a basement and a dormer-windowed attic. There were 14 rooms on the first floor, 14 on the second floor, and 8 in the attic. After approximately 3 months in the overcrowded Treasury Department building, the Department of State moved into one of a block of houses on the north side of Pennsylvania Avenue between 21st and 22nd Streets Northwest.

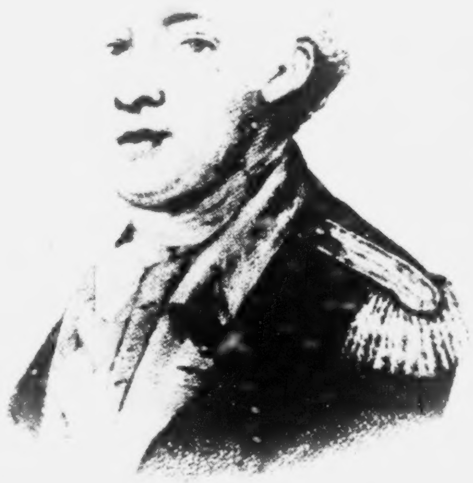
the domestic establishment. Jefferson immediately drew a troublesome distinction between a *diplomatic service*, assigned the task of conducting political relations with foreign countries, and a *consular service*, which dealt primarily with commercial matters and the needs of American citizens abroad.

Benjamin Franklin had become the first American Minister to serve overseas when, on March 23, 1779, he presented his credentials to King Louis XVI of France. Other leading statesmen served as envoys during the 1780s—among them John Adams in the Netherlands, John Jay in Spain, and Thomas Jefferson in France. By 1791 diplomatic missions had been established in five European countries—England, Spain, France, Holland, and Portugal. Ministers concentrated mostly on two important responsibilities; they reported on significant activities in their countries of residence and executed formal diplomatic instructions transmitted to them from the Department of State.

Thomas Barclay of Pennsylvania was the first American actually to take up consular duties. He was appointed consul in France on October 2, 1781, replacing William Palfrey who was lost at sea on his way to France. By 1792, 16 consulates had been created, most of them in Europe. In 1790 Secretary Jefferson asked consuls to provide "such political and commercial intelligence as you may think interesting to the United States." He mentioned particularly news of American ships and also "information of all military preparations and other indications of war which may take place in your ports."

A congressional act of April 14, 1792, first provided legislative prescriptions for the Consular Service. Although this law made no specific mention of commercial reporting, consuls provided commercial information and met the needs of American citizens within their jurisdictions. Consuls were expected to maintain themselves largely by charging fees for their services, not always a bountiful source of income. Unlike their counterparts of today, they did not receive salaries or allowances for expenses. Because of the uncertainty of adequate compensation, consuls frequently served for

First American Consuls



William Palfrey (Department of State photo)

William Palfrey of Massachusetts was not only the first American consular officer but was also the first member of the diplomatic service to lose his life in the line of duty. A lieutenant colonel in the Continental Army and former Paymaster-General, Palfrey was appointed consul to France on November 4, 1780. He was lost at sea en route to his post. His name is the first on the plaque in the lobby of the Department of State listing the martyrs of the foreign service.

Thomas Barclay of Pennsylvania, a merchant residing in France, was the first American consular officer to serve abroad. He was commissioned "vice consul in France" on July 10, 1781, and was commissioned as consul on October 5 to replace Palfrey. In addition to his consular duties, Barclay served as commissioner to settle foreign debts of the United States in Europe and negotiated a treaty of amity and commerce with Morocco in 1786. He was appointed consul in Morocco in 1791 but died in Lisbon in 1793 before he reached his post.

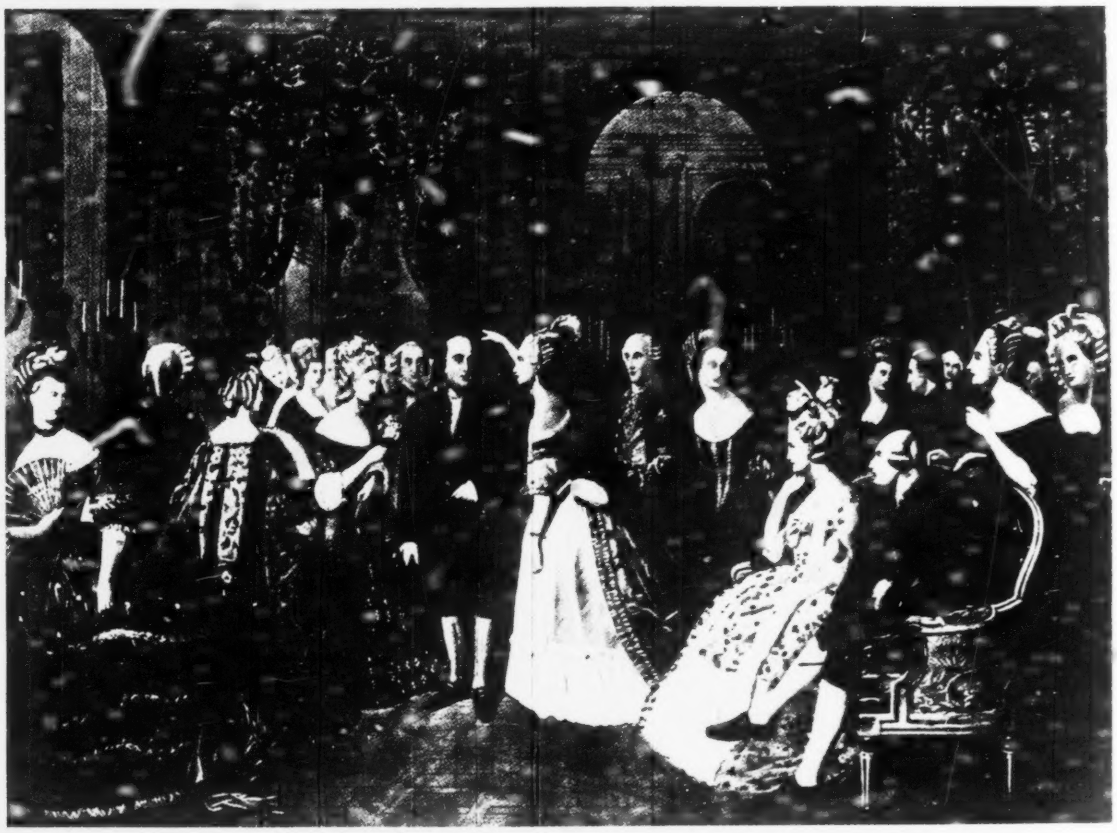
many years in only one location, and they were often inactive. In 1807 a consul in La Guaira, Venezuela, was relieved of his duties because "not a single communication" had been received from him since his appointment in 1800.

Besides working through the regular foreign services, Presidents asked special agents to carry on particularly important negotiations. The first such agent was Gouverneur Morris of New York, who made an unsuccessful attempt in 1790 to arrange British compliance with certain provisions in the Paris Peace Treaty of 1783. The use of special executive agents gave the executive branch options that otherwise might not have existed, given the small size of the Diplomatic Service.

Representatives of the United States traditionally wore unpretentious clothing and adopted simple manners, a departure from the ostentatious practice at European courts. (For a notable exception, see box on "Consular Uniforms.") Americans deemed this policy appropriate for emissaries of a young republic that had repudiated monarchical tyranny. Thomas Jefferson, the most hospitable of men, was particularly opposed to undue ceremony and rigid protocol. He refused to recognize formal social distinctions at dinners held in the White House during his Presidency, especially the order of precedence—seating by rank. This practice greatly annoyed the foreign diplomatic corps.

Even if the democratic ideology of the new nation had not imposed republican simplicity, the meager salaries paid to American ministers would have produced the same effect. In 1817 President James Monroe, a former Minister to France and Secretary of State, complained to a congressional committee about the nation's failure to provide sufficient salaries and allowances for members of the Diplomatic Service. He insisted that an American diplomat could accomplish his duties only by gaining access to the most important social circles. "By taking the proper [social] ground . . . he will become acquainted with all that passes and from the highest and most authentic sources. . . . Deprive him of the necessary means to sustain this ground, separate him from the circle to which he belongs and he is reduced to a cipher." Congress did not respond to such importunings; ministers ap-

The First American Diplomat



Benjamin Franklin, dressed in "the simple costume of an American agriculturalist," captivated Parisian society and laid the groundwork for French recognition of American independence. (Department of State photo)

Benjamin Franklin was no stranger to diplomacy when he was appointed on September 26, 1776, to a three-man commission charged with the critical task of gaining French support for American independence. He had already served in Great Britain as an agent for Pennsylvania between 1757 and 1762 and again from 1764 to 1775. His scientific and literary endeavors had made him the most distinguished American of the age.

French aristocrats and intellectuals saw Franklin as the Enlightenment personified. His picture soon appeared on medallions, rings, watches, and snuffboxes, while fashionable ladies adopted the *coiffure a la Franklin* in imitation of the fur cap which he wore instead of a wig. His popularity prepared the way for France to recognize American independence and to conclude treaties of alliance and commerce in 1778.

Franklin was appointed Minister to France on September 14, 1778, and presented his credentials on March 23, 1779, becoming the first American Minister to be received by a foreign government. His home in Passy became the center of American diplomatic activity in Europe. Franklin then served with John Adams and John Jay on the Plenipotentiary Commission that negotiated the peace treaty with Great Britain.

When Thomas Jefferson succeeded Franklin in 1785, the French Foreign Minister, Vergennes, said: "It is you, Sir, who replace Dr. Franklin?" Jefferson replied, "No one can replace him, Sir; I am only his successor."

serious setbacks marred the nation's foreign affairs between 1823 and 1867.

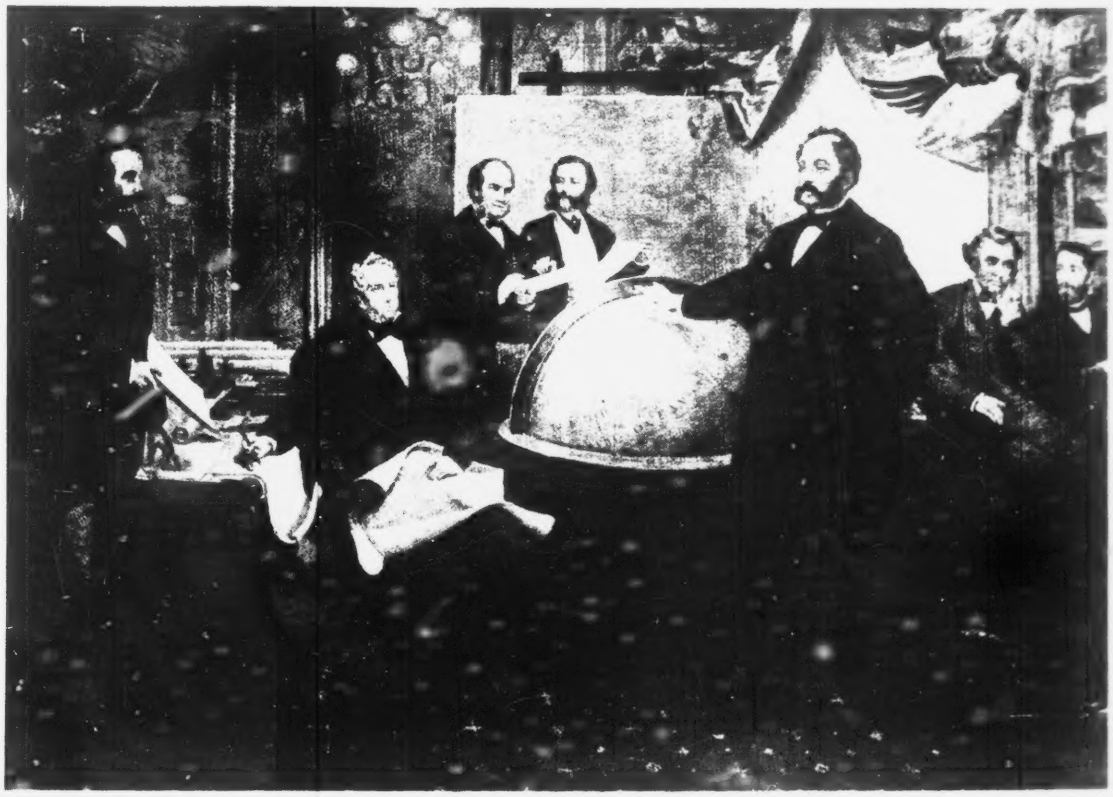
The most dangerous challenge to the nation's security during the 19th century occurred during the Civil War. That tragic struggle between the Union and the Confederacy created excellent opportunities for European nations to meddle in the Western Hemisphere either by violating the Monroe Doctrine or by extending aid to the rebellious South. In this instance the remarkably effective collaboration between President Abraham Lincoln and his Secretary of State, William H. Seward of New York, proved equal to the situation. The Secretary's success in fending off serious trouble during the Civil War proved that great achievements in foreign relations almost always depended on close relations between the President and the Department of State. The American Minister in London, Charles Francis Adams, third in a line of distinguished statesmen from Massachusetts, established himself among the most successful diplomats of his time, preserving the neutrality of Great Britain until the Union Army finally prevailed over its opponents. If the Confederacy had received significant assistance from European nations, especially Great Britain, the war might have had a much different outcome.

The triumph of the Union in 1865 prepared the way for still another era of remarkable national progress, finally ending the dispute over the relative merits of national supremacy and states' rights. The nation emerged from the Civil War more powerful and secure than at any time in its history; it would continue to enjoy virtual immunity from international dangers —"free security"—for another 50 years.

Seward's Abortive Intiative

At the beginning of President Lincoln's Administration in April 1861, the new Secretary of State, William H. Seward of New York, proposed to end domestic political strife over the all-consuming question of slavery by pursuing an active foreign policy, one that might lead to declarations of war against France or Spain, thus uniting domestic factions against a foreign threat. Seward even volunteered himself as the principal prosecutor of such a policy. The President tactfully rebuffed this extraordinary proposal. Thereafter, Seward, whom Henry Adams described as having "a head like a wise macaw; a beaked nose; shaggy eyebrows; unorderly hair and clothes; hoarse voice; off-hand manner-free talk; and perpetual cigar," subordinated himself to the President and served him loyally and effectively.

The Rise to World Power, 1867–1913



The purchase of Alaska from Russia on March 30, 1867, gave the United States its first noncontiguous territory. (Library of Congress photo)

The 30 years after the Civil War are justly considered the least active in the history of American foreign relations. Free security, that fortunate byproduct of the generally stable international balance of power, lingered on, permitting Americans to devote themselves to their prime preoccupation—internal development. During these years, the westward movement was completed, and the nation experienced extensive industrialization and urbanization.

The absence of foreign threats to national security and the continuing national stress on domestic concerns during the latter years of the 19th century explain why the conduct of foreign relations did not deviate much from earlier practice. As late as 1894, an observer noted that the public was "less familiar with the duties of our diplomatic and consular agents than any other branch of the public service," a logical outcome because members of the foreign services lived abroad and could not be observed at work. As before the Civil War, xenophobic Americans regularly condemned their representatives abroad as subversive. In 1885, for example, Senator William E. Robinson of New York insisted that "this diplomatic service is working our ruin by creating a desire for foreign customs and foreign follies. The disease is imported by our returning diplomats and by the foreign ambassadors sent here by monarchs and despots to corrupt and destroy our American ideals." The Senator's solution was to quarantine entering diplomats "as we quarantine foreign rags through fear of cholera."

Another familiar pattern endured beyond the Civil War—meddlesome political interference with the Department of State. In 1869, for example, President Ulysses S. Grant made Elihu B. Washburne, a friend from Galena, Illinois, the Secretary of State for a mere 12 days so that he could enjoy the prestige of having held that position when he took up his respon-

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suffering among the world's refugees. A year ago our hearts—and our consciences—were touched by the picture of a Kampuchean refugee mother holding her dead child. Two weeks ago, newspapers carried a picture of a refugee woman in Somalia, crouching with her nearly naked child in a flimsy hut made of sticks and rags.

In recent years, such tragic scenes have become all too frequent as millions have been driven from their homes by wars, civil disturbances, religious or racial persecution, or repressive government policies.

- In West Asia and Southeast Asia there are 4–5 million refugees and displaced persons, including those driven to flight and near-starvation by Vietnam's drive against Laos and Kampuchea. In the past year alone, more than a million Afghans have become refugees, victims of the Soviet invasion of Afghanistan.
- About 4 million Africans have fled their homes; there are 3 million refugees as displaced persons in the Middle East; tens of thousands of people flee Eastern Europe and the Soviet Union each year.
- In our own hemisphere, there are now hundreds of thousands of refugees—not to mention the 136,000 Cuban and Haitian entrants who have come to the United States over the past 7 months.

These figures represent a sharp upsurge in the numbers of refugees worldwide. Since last January, hundreds of thousands of men, women, and children have fled their homelands. This alarming situation is graphically illustrated by recent increases in the budget for the U.N. High Commissioner for refugees. Last year, the UNHCR spent $234 million for refugee relief. This year, the figure will more than double, to $568 million. And in spite of this dramatic increase, the need far outstrips the resources available for helping refugees.

U.S. Position

Where does the United States stand in its efforts to deal with the problem?

Generally, we can be proud of our response. In the fiscal year that ended last September 30, the United States provided more than $650 million for international refugee relief and resettlement programs. This includes our donations to international organizations, Food for Peace help to refugees, transportation for refugees to the United States, and placement aid to voluntary agencies here at home. We admitted well over 200,000 refugees for resettlement in the United States. We received, in addition, 125,000 Cubans and 11,000 Haitians who have sought asylum in the United States but have not been granted refugee status.

Here at home, the Department of Health and Human Services provided more than $600 million for refugee assistance in FY 1980. And the generosity of private citizens through churches and other groups is beyond all counting.

This generous response by the Federal Government, by the States, by churches, voluntary organizations, and individuals suggests to me that the people of the United States remain true to their traditions of concern for human rights and generosity to people in need. We can be proud also that the Congress has responded to the world refugee crisis by passing an enlightened law—the Refugee Act of 1980. This act has several important, even historic, provisions.

- It creates a uniform standard for defining refugees.
- It sets at 50,000 yearly the "normal flow" of refugees and enables the President, in consultation with Congress, to adjust that number if refugee emergencies require.
- It defines a fairer, more comprehensive system of Federal assistance for refugee resettlement within the United States. This is aimed at helping refugees become—as soon as possible—self-sufficient, contributing members of our society.

Having said all this, however, let me hasten to add: We are a long way from solving all the domestic problems that ensue from the world refugee crisis and the heavy flow of refugees to the United States. For the moment, let me touch on some of the issues we face. They are acute now; they will pose enormous challenges to those in the future who seek to deal with refugee issues.

Issues to be Faced

The first problem is the problem of growing impatience, weariness, and even resentment felt by our people about the burdens created by the acceptance of refugees and emergency entrants. It will do no good to deny or minimize this reality.

To begin with, some citizens question whether we can afford to spend so much on refugees while other pressing problems demand immediate attention and resources. The practical burdens of helping refugees establish new lives in the United States are, as you know, enormous. The sheer numbers of recent years and the unpredictability of recent refugee waves have made careful planning difficult. They have given our national refugee programs an air of permanent emergency. The arrival of unorganized boat flotillas from Cuba over a short span of weeks last spring made it necessary, for example, to press widely scattered military facilities into sudden service as receiving centers.

Our social service programs—national, State, and local—have been hard pressed by this sudden surge of refugees. The State and local social service machinery of Florida has been severely tested by the influx of Cuban and Haitian entrants—just as California has extended itself to accommodate the influx of Indochinese refugees.

You who have served in refugee sponsorship programs know the challenge of finding jobs in stressful economic times for refugees who may not speak English; whose skills may not be readily transferable to our job market; who may have trouble finding adequate housing when such housing for the disadvantaged is already scarce. Perhaps because of such problems, public opinion is not always receptive to large waves of refugees and immigrants. How shall we deal with this problem?

To begin with, I would suggest that we put it in proper perspective. The United States—by virtue of its size, its wealth, and its humanitarian traditions—is, to be sure, the largest contributor to international refugee relief. We have received, in absolute figures, the largest number of refugees in recent years.

But our contributions, I would suggest, are by no means disproportionate to our capacity. Our contribution to international refugee relief agencies last year, for example, amounted to nearly $166 million—an impressive sum. But at 74¢ per American citizen, our contribution ranks not first but seventh in the world. Sweden, Norway, Denmark, Switzerland, the Netherlands, and West Germany all contributed more, based on their populations, than we. And some other countries have resettled more refugees as a proportion of their total populations, than we have.

Beyond reminding ourselves of these important facts, it is essential that the Federal Government generously cushion the impact of refugee resettlement on State and local budgets. To slash budgets in this area would not only press States and localities toward—or beyond—their fiscal limits, it would create new hardships for refugees and for our citizens, and it would aggravate the danger of social tension between refugees and host communities. That is a danger we can—and should—avoid.

Second, how shall we cope with sudden influxes like that from Cuba last spring? To argue that we should be open and generous is not to say that the United States can accept—or should accept—unlimited numbers of entrants or bear unlimited burdens.

The arrival last spring of thousands of Cubans in hastily organized boat flotillas casts this question and others into bold relief: What limits should we set, and how? What shall we do about the related problem of massive unlawful entry into the United States? How can we assure that our refugee and immigration policies are free of the taint of racial bias?

A national commission on immigration and refugee policy, chaired by Father Theodore Hesburgh of Notre Dame University, is pondering these questions now. But these questions should also be the focus of a careful national debate.

Third, what shall we do about the growing problem of "economic refugees?" Our law, and the U.N. convention on refugees, define refugees as those fleeing political persecution, not poverty. But sometimes the line between the two is not so clear—as the plight of several thousand Haitians seeking asylum in the United States makes clear. Hunger, too, creates refugees. What should be our policy regarding those who flee both authoritarian rule and harsh, unremitting economic deprivation? There is no easy answer to this question. But every boatload of hungry, miserable people sailing the Caribbean toward our shores suggests to me that we must find an answer that is both humane and practical.

The problems I have discussed are problems we Americans feel because of our own experiences with refugees here at home. We Americans must work together to solve them. But we must never forget—and other countries should remember—that what America does takes place in a broader context. The refugee issue is a global issue; it requires a global response.

So let me turn now to the international dimension of the problem. What should the international community do to help solve these pressing problems?

International Dimensions

To begin with, all nations must respond generously to help suffering people in camps and holding centers around the world. The funds must be provided. When necessary, all countries should be prepared to offer first-asylum—and many to provide permanent resettlement. This is an international obligation to be shared by all.

Furthermore, there must be an effort to establish clear, internationally acceptable principles governing the status and welfare of refugees, as well as the obligations of nations toward refugees. The U.N. General Assembly is now considering several proposals to define such principles. We believe that any such international agreement must include certain points.

- Large-scale expulsions of persons should be discouraged in the name of humanity and international order. I can imagine no justification—political, social, racial, or religious—for a government to force large numbers of its citizens to flee their homeland. Such expulsions are hostile acts directed by sending countries toward receiving ones and, thus, are doubly unacceptable.
- Persons displaced from their homelands should be allowed to return home voluntarily as promptly as conditions permit. The repatriation of persons following the end of the fighting in Zimbabwe and Nicaragua demonstrates that there are effective and humane ways to repatriate refugees.
- Nations guilty of mass expulsions must be obliged to repatriate immediately all criminals they have forced abroad, subject, of course, to the protection of rights extended to all displaced persons. We can no longer tolerate any country's attempt to rid itself of its criminal elements by cynically exporting them to neighboring nations.
- Our efforts must be focused on the fundamental human issues involved—on the human rights of refugees. Such an emphasis should cover not only the rights of refugees once they have left their native lands but also the obligations of the governments of the nations they are leaving—obligations to protect would-be refugees pending their departure, rather than to harass them as now often occurs.

Even if the community of nations can agree on programs based on these principles, other questions will remain.

Can we, without scaling down our other relief programs, increase international aid to African refugees? A relatively small fraction of the refugee relief budget has gone to Africa—even though refugees in Africa constitute almost one-quarter of the world total.

And can we improve conditions for refugees worldwide, without creating a "pull" which actually induces people to leave their homelands?

If by raising such questions I seem to imply that the challenge is staggering I make no apology: It is. But the challenge posed by the global tidal wave of refugees is one we cannot—must not—duck. The response of the United States to refugee problems must go beyond refugee relief. It must include strong support for human rights. It must include generous programs for foreign assistance—to eliminate some of the hunger, disease, and misery that create refugees.

Ultimately, we and the world can deal with the human tragedy of refugee migrations only by working to remove their root causes—by overcoming poverty, by working to alleviate hunger, by ending abuses of human rights within nations, by opposing military aggression, and by encouraging peaceful settlements of conflicts around the world.

We are, of course, unlikely to solve these problems in a short time. We are a long way from having a world that is so just, so humane, so prosperous and stable that no person is forced to flee from home and country. But surely the effort to build such a world deserves the work of all people who cherish human dignity and the sanctity of human life. And while we seek to build such a world, let us take every practical step we can to alleviate human suffering—wherever we find it.

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[1] Press release 333. ■

to concerns for inflation and energy, part of our calculation has been one of fair play, that blaming Japan—and punishing it for something not entirely of their making—was simply wrong.

Accepting the political burdens of this type of decision must be reciprocal. Thus, when the United States calls on Japan to take justifiable steps to open its markets further—as we are now doing on tobacco products and government procurement for telecommunications—I believe it is incumbent upon Japan to respond with imaginative and serious proposals which reflect the totality of our relationship, even if this means "taking the heat" from some special interests. Quite frankly, I think the Japanese Government has done just that in many cases. So my appeal is not only to Japanese officials but also to those special Japanese interests which may be involved in one instance or another, and to the Japanese press, which is ever vigilant for examples of U.S. pressure, to understand that we want to be reasonable, but that reason is a two-way street.

I would also be less than frank if I did not say that the strength of feeling which at least some Americans have for economic problems is, in part, a function of perceptions that Japan has gotten a "free ride" in the defense area. I do not happen to share these perceptions.

In fact, there is a growing myth in the United States that Japan doesn't have armed forces. This myth, which the Japanese have helped to perpetuate, creates a base of misinformation from which the issue is falsely debated. The question is not whether Japan should rearm. Japan already has a significant defense establishment. Consider the following facts: The Japanese Navy includes 45 destroyers and escorts and more than 35 minesweepers; Japanese air power counts more than 370 combat aircraft. All of these figures are larger than the figures for the same categories in the 7th Fleet and 5th Air Force. The real question is how much and how fast should Japan build its existing forces and contribute to the common defense.

With a defense budget which has increased at almost 7% annually in real terms over the last decade and which now exceeds $10 billion—including about $1 billion for support of U.S. forces in Japan, forbidden from having offensive military forces by a Constitution shaped with U.S. influence—that country now has the seventh or eighth largest defense budget in the world. But on a per capita basis the burden ($82) is about one-seventh of what Americans pay ($550), and over half of the American public wants Japan to increase its defense effort.

There is no question that the quality of the so-called "defense debate" in Japan has changed markedly in the last 3 years, even in the past 12 months. Not only is the Japanese Government considering an almost 10% budget increase this year, but the nature of the debate about Japan's role has changed dramatically. And I think, over time, the combination of increased military spending and other contributions to our common security such as economic assistance will ease the concerns of most Americans about any "free ride." In our view, a change in the Japanese Constitution is not necessary.

The Coming Decade and Beyond

Because we will continue to provide the strategic umbrella in East Asia and, indeed, throughout the world, we will doubtless regain some elements of the "senior-junior" relationship we have had in the past. But true partnership, which is the only sustainable model between two countries such as ours, must mean—if not an end—at least, a major change in the "unequal" nature of our relations. Japan is now a major global power, and both of us must continue adjusting to this fact. It will not be easy. But we in the United States must respect legitimate Japanese concerns, must abandon the idea that "consultation" means asking what others think and then doing what we want anyway, must be willing to accept that parallel policies are sometimes as good as—if not better than—identical approaches, must be willing to follow as well as lead.

And Japan must put into active practice the notions with which it is now seized—that while protection of national interests is every nation's first priority, the interests of the major powers involve responsibilities that go beyond immediate concerns, that fairness and equity and partnership are concepts that must be broadly viewed.

Economics. The course of U.S.-Japanese relations over the next decade will depend more on what we do in the United States to strengthen our own economy than on any other single factor. We must increase productivity and stimulate efficient, competitive industries. At the same time, not only do real barriers to trade still exist in Japan, but a perception remains from past experience that Japan is "unfair." I believe Japan has a responsibility to go beyond simply eliminating the relatively few remaining barriers. They must change psychological attitudes toward foreign imports nurtured during the postwar reconstruction period and actively facilitate competition from abroad, if they are to maintain that kind of access to the American market. And they must take care that their domestic and foreign economic policies do not—and are perceived not to—disrupt competitive markets abroad.

Security. We do not seek a redefined role for Japan. We recognize and respect their constitutional constraints. But the challenges are great, and the resources increasingly scarce. We are augmenting our own efforts to counter these trends, but I am only stating the obvious when I say that the Congress and the American people will not understand—and will not tolerate—the staggering costs they will be asked to bear without significant action by our allies as well. As I have indicated, I think in both the purely military field and in foreign aid, the trends are all in the right direction. I would only underscore the importance that these trends continue—and even accelerate—and that we work together in the closest possible way in support of our shared objectives.

Energy. Twice in the last 4 years we have faced near crises with Japan over energy-related issues. The first was nuclear reprocessing; the second, oil. Both of these problems are now well understood and, indeed, we have moved to a new stage of cooperation in research and development of new energy sources. But the efforts to date are, in my personal view, grossly inadequate to the real needs; the potential for controversy is tremendous. I think we can make the accommodations necessary to avoid the pitfalls and, working together with other nations, make historic contributions to the quality of life not only of our own citizens but of all mankind. But it will require patience and vision on both sides greater than at any time in the past.

A Global Perspective

Our fundamental challenge during the 1980's will be to consolidate and integrate our major alliances—with NATO, with Japan, with ANZUS [Australia, New Zealand, United States pact]. This process is well underway in the Pacific, but there is work yet to be done. Our strategic interests in remaining a vital Asian power are more apparent today than ever. But there cannot be a strong American policy in the Pacific if it doesn't begin with a strong U.S.-Japanese relationship.

This fact seems to be appreciated today by the American public, as illustrated by the Potomac Associates poll I cited earlier. Although the poll showed that the American public correctly identified Japan as the major source of threat to American jobs, there was a very significant growth in acceptance of Japan as a major treaty ally and a country to whom the United States should commit its own national prestige if Japan's security is threatened. Almost 70% believe we should come to Japan's defense if attacked, up from only 37% 6 years ago. This suggests to me that the American public is capable of making the sometimes difficult distinction between trading rivals and strategic partners. That distinction is essential if we are to continue to build U.S. Pacific policy around an unbreakable Tokyo-Washington alliance.

Over the next several years we shall be facing a historic opportunity to draw Tokyo into an increasingly active partnership with the United States and Western Europe. Japan's recognition of a broader context for its own security concerns has been marked over the past year and will increasingly contribute to coordination among the United States, Western Europe, and the Pacific allies, particularly Japan.

In doing this, however, we must take care to balance the defense aspect of our alliance with its political and economic dimensions. The issue of sharing the defense burden must be addressed in the broader context of economic, political, and security cooperation among the allies. This will make it possible for Japan to find alternate—perhaps unique—ways to carry its "fair share" without feeling pressured to assume an uncomfortably high military profile. By the same token, it can help reassure Japan's neighbors that the development of more impressive Japanese defense capabilities—or a rising Japanese defense budget—do not foreshadow independent or militaristic policies.

Clearly, Japan is moving gradually, and in its own unique way, toward a growing defense budget. They will never move as fast as some Americans want them to. But the trend, it seems to me, is unmistakable. The Japanese, as you all know, tend to do the opposite of what we do with our defense budget. We try to make our budget as big as possible for domestic purposes. The Japanese try to make theirs look as small as possible—in fact, smaller than it really is—for domestic purposes. So there is a wide misperception among Americans—even many in the government—about how much the Japanese are already doing.

In this regard, we should also keep our sights on what we want increased defense spending to accomplish, and how the burden can be most equitably and rationally shared. This applies not only to Japan but to our Western European allies, as well. To the extent that we put all of the emphasis on a single alliance issue—defense spending—we could create an exaggerated sense of disarray and unnecessarily encourage domestic political resistance among our allies.

Conclusion

Finally, we must take pains to insure that our consultations with Japan about strategic issues are fully developed. Japan's increasingly active international role will affect our interests and policies; ours will affect theirs. We shall both want to be appropriately involved in each other's decisions. For example, we must keep Japan's concerns and views fully in mind as we make decisions about our future security relationship with China. It is a strategic issue relating significantly to our alliances.

This will require, above all, that the President must personally commit to maintaining the relationship and prevent those people in the Congress or in the domestic agencies who see special reasons to put stress on the relationship from letting that stress destroy it. I do not take it for granted that the lip service which we all pay to U.S.-Japanese relations automatically converts into a growing and improved relationship. It takes real determination and skill at every level of the U.S. Government.

Earlier this week I had breakfast with Saburo Okita, the former Foreign Minister of Japan. We reflected together on the last 4 years, and we agreed that if it had not been for the full personal commitment of three Prime Ministers and four Foreign Ministers, and for the efforts of President Carter, Vice President Mondale, Secretary Vance, Ambassador Mansfield, Bob Strauss, Henry Owen, Secretary Muskie, and a handful of other people, we might not have gotten through these 4 years without a major shock or a crisis. But I am proud to be able to say that we did. We have been particularly privileged to have Mike Mansfield as our Ambassador in Tokyo. He's the most extraordinary Ambassador I've ever worked with, and his contribution to the strength of the U.S.-Japan relationship today exceeds that of anyone.

A firm foundation exists today for the kind of relationship with Japan that will best serve both our interests and the interests of global stability in the 1980s. It is essential that this relationship be understood and preserved. ■

pointed to the most important posts, such as those in London and Paris, were regularly forced to draw upon private means. This circumstance sometimes had the unfortunate effect of foreclosing diplomatic service to people without personal fortunes.

At the very beginning of the Department's history, certain personnel practices were adopted that adversely affected American foreign relations for many years. Little or no interchange took place between those serving at home and those in overseas posts. Moreover, no provision was made to encourage transfers between the Diplomatic Service and the Consular Service. These circumstances limited flexibility and interfered with the development of professionalism; the basis for a professional career in the foreign service was not built until the 20th century. This situation reflected the general suspicion of all things foreign that characterized the early history of the United States. It also mirrored the declining importance attributed to foreign affairs after the War of 1812. Thereafter most Americans concentrated on the domestic activities of their government rather than on foreign operations.

The early Department of State and its foreign missions were chronically overworked, and so was the Secretary of State. John Quincy Adams, one of the most conscientious of men, complained of excessive responsibilities shortly after assuming his duties as Secretary in 1817. "Business crowds upon me from day to day requiring instantaneous attention," he wrote to his wife Louisa, "in such variety that unless everything is disposed of just as it occurs, it escapes from the memory and runs into the account of arrears." Despite the great prestige of the Secretary of State in the early days of the nation, Congress remained extraordinarily penurious when allocating funds to conduct foreign relations, a condition that endured throughout the 19th century.

Only the most strenuous exertions of those who served in the Department or in the overseas missions insured proper attention to the business at hand. The unusual abilities of the early Secretaries of State helped to counter financial stress and to reinforce the prestige of the Department. John Quincy Adams summarized this circumstance. Because of "the superior real and inherent importance of the Department of State in the organization of this Government, and . . . the successive transfer of two Secretaries of State to the Presidency [Madison and Monroe], a general impression has pervaded the Union of a higher consideration due to that Department, and that in the practice of the Government it is the natural introduction to the head of the Executive."

Despite important constraints on the Department of State, the United States achieved a remarkable number of triumphs in foreign affairs during the early years. During the 1790s the Jay treaty (1794) and the Pinckney treaty (1795) regularized relations

Diplomatic Dress

The United States took exception to the prevailing custom that obliged diplomats to wear elaborate costumes. Secretary of State William L. Marcy of New York, who served during the Administration of President Franklin Pierce, issued a dress circular ordering American diplomats to wear "the simple dress of an American citizen." This term meant a full-dress suit. The difficulty was that American representatives could easily be confused with entertainers, undertakers, or servants. James Buchanan, Minister to Great Britain, avoided this problem by requesting that the Department allow him to wear "a very plain and black-hilted dress sword" when he appeared at court.

During the Civil War, Charles Francis Adams reverted to a costume that included breeches, buckles, and silk stockings. Queen Victoria is said to have remarked, "I am thankful we shall have no more American funerals." In 1937 President Franklin D. Roosevelt issued an Executive order that provided: "No person in the diplomatic service shall wear any uniform or official costume not previously authorized by Congress."

Consular Uniforms

The early 19th century American consul was a dashing fellow in gold-trimmed uniform with cocked hat and a sword. This was on ceremonial occasions when, it is just possible, he liked to forget that he received no allowances for "house or office rent, books, stationery, or other ordinary expenses of office."

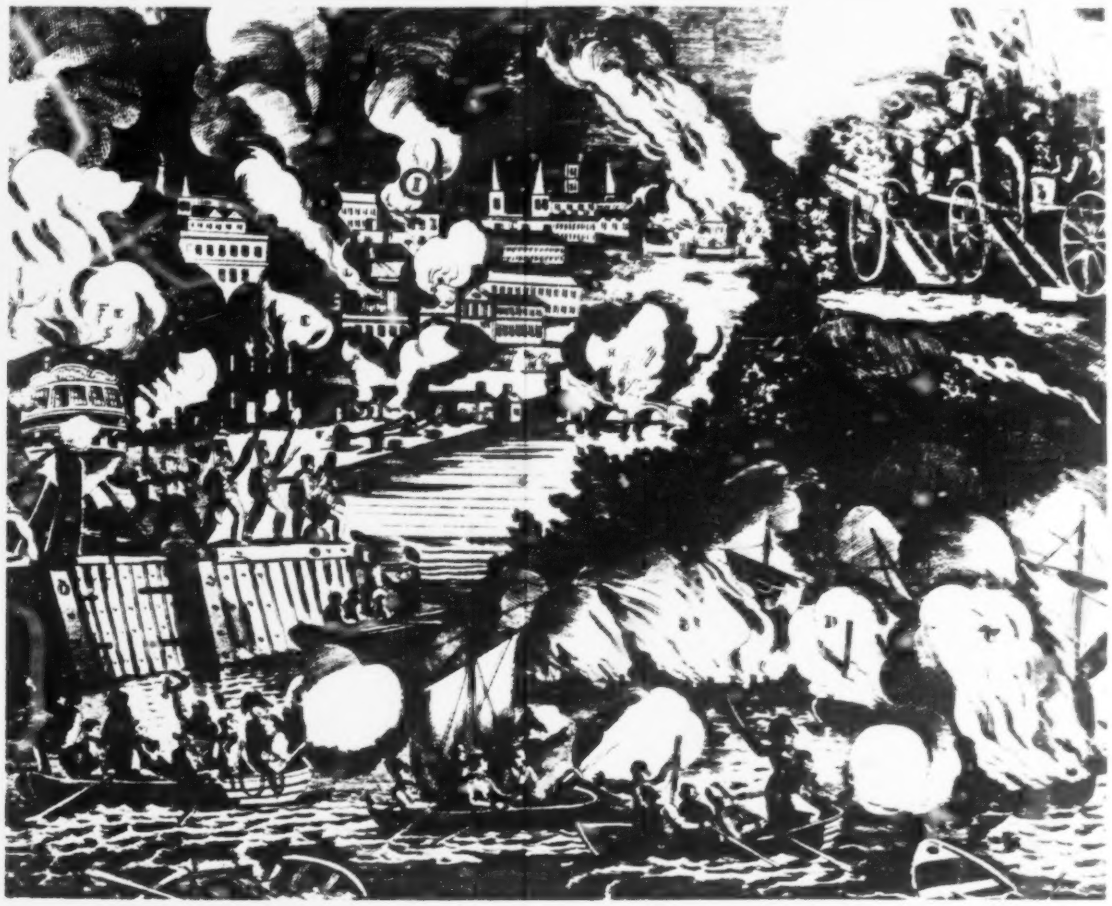
A 42-page booklet, *General Instructions to the Consuls and Commercial Agents of the United States, 1838* notes that: "The Consular uniform (as prescribed by the circular from this department, dated August 8, 1815, hereto annexed) must be worn on all visits of ceremony to the authorities of the place, and on all proper occasions."

The uniform was described as follows:

"Single breast coat of blue cloth, with standing cape or collar, and ten navy buttons in front; one button on each side of the cape; four on each cuff; four under each pocket flap; and one on each hip and in the folds; two on each side in the centre; and one on each side of the same, at the lower extremity of the skirts.

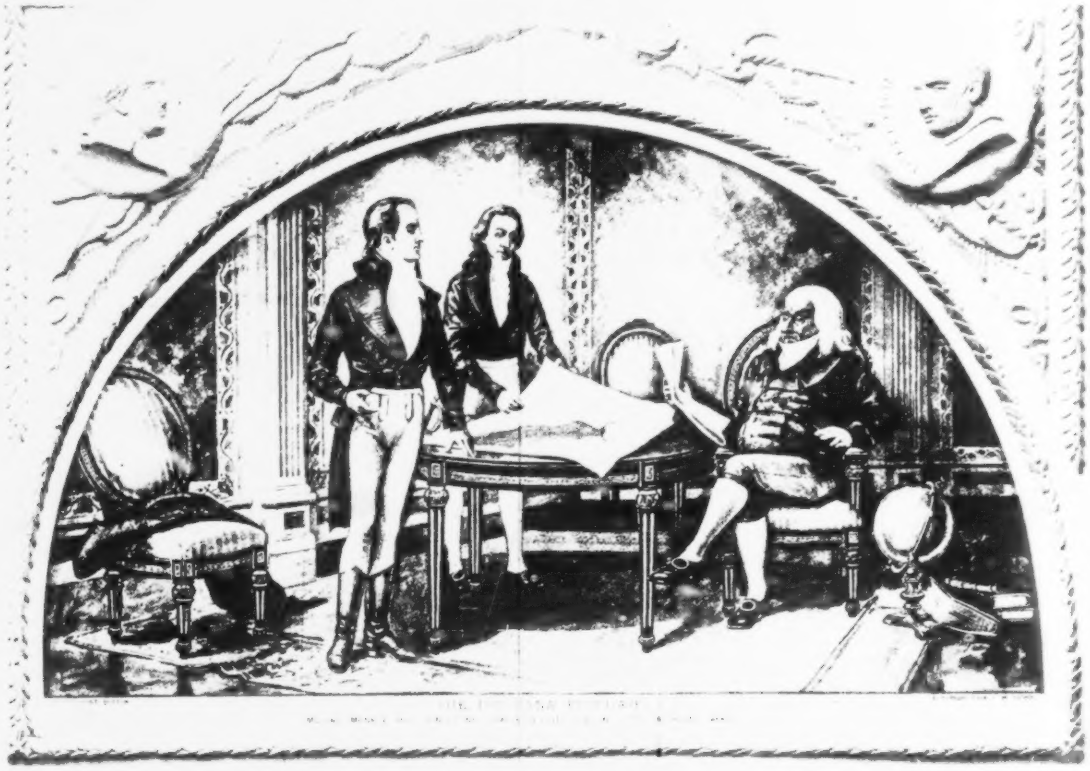
"The font, (from the cape down to the lower extremity of the skirts,) cuffs, cape, and pocket flaps, to embroidered in gold, representing a vine composed of olive leaves, and the button-holes to be worked with gold thread; the button-holes to correspond with the width of the embroidery, which is not to exceed two inches in any part.

"Vest and small clothes of white, and navy buttons; the former to have ten in front, and four under each pocket flap. With this dress, a cocked hat, small sword, and shoes and buckles are to be worn. The hat to be furnished with gold loop, gold tassels, and black cockade, with gold eagle in the centre; added to which, it is to be understood that the mountings of the sword, and shoe and knee buckles, are to be gold; otherwise gilt."

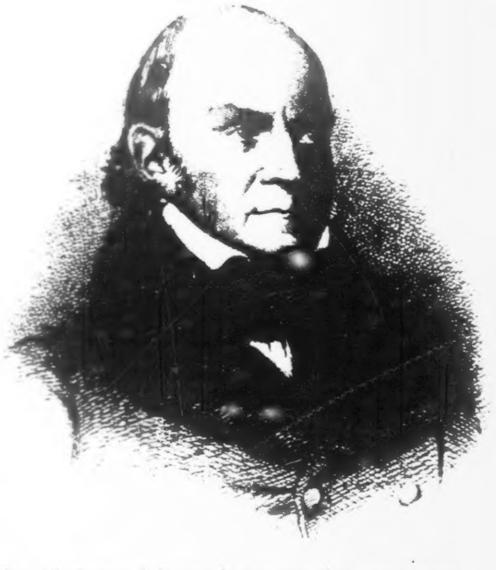


Burning of Washington, 1814

The home of the Department of State after 1801 was known merely as "the public building west of the President's house" and stood on the present site of the Old Executive Office Building at 17th Street and Pennsylvania Avenue N.W. When British forces invaded Washington on August 24, 1814, this building was burned, along with the Capitol and the White House. While the Department's library was lost, Chief Clerk John Graham had already seen to the removal of many important records, including the originals of the Declaration of Independence and the Constitution. They were stored in a deserted gristmill on the Virginia side of the Potomac River, 2 miles above Georgetown, and were later moved to Leesburg, Virginia, until after the emergency.



When James Monroe and Robert R. Livingston negotiated the purchase of the Louisiana territory from France in 1803, they made the greatest real estate bargain of all time and set a precedent for the acquisition of land. For $15 million, the United States gained 828,000 square miles, thus doubling its size. (Library of Congress photo)



John Quincy Adams became the youngest American Chief of Mission when he was appointed Minister to the Netherlands in 1794, at the age of 27. As Secretary of State (1817–25), he negotiated a boundary settlement with Great Britain, acquired Florida from Spain, and helped formulate the Monroe Doctrine. (Library of Congress photo) sibilities as Minister to France. Fortunately Washburne's successor, Hamilton Fish of New York, established close relations with President Grant and managed to minimize unwise appointments and policies.

Like previous Secretaries, Fish recognized that he could not administer the Department efficiently without the President's strong support. When General Orville Babcock, another one of Grant's friends, attempted to interfere in the affairs of the Department, Fish bluntly informed the President that he could not tolerate such activities. If the President showed lack of confidence in him, he wrote, "or when the influence of the head of the Department in the administration of its affairs, or the formation of its policy, is overshadowed by others, a sensible or sensitive man will appreciate that the time for his retirement has arrived."

Political appointments remained the order of the day despite growing public concern, manifested in support for creation of the Civil Service (1883), which did not cover the foreign services. In 1885, when the Democratic Party gained control of the executive branch for the first time in 24 years, Congressman Jonathan Chace of Rhode Island contrasted American and British practice on such occasions. "Whenever a change of administration occurs in Great Britain . . . members of the diplomatic service know that no change will take place in regard to their positions, but all over the world today every man in the diplomatic and consular service of the United States is packing his trunk and engaging his passage preparatory to returning home."

Nevertheless, certain members of the foreign services developed special competence and pursued careers in diplomatic and consular assignments. Prominent among them was Eugene Schuyler, who first served as consul at Moscow in 1867 and later held other posts in Europe before ending his service as the American representative in Cairo in 1889. Another was William Lindsay Scruggs, who began his career as Minister to Colombia in 1873 and moved on to several other positions, including service as Minister to Venezuela during the Administration of President Benjamin Harrison (1889–93). Two men who developed impressive reputations as regional specialists, Henry White (Europe) and William W. Rockhill (East Asia), extended their activity well into the 20th century.

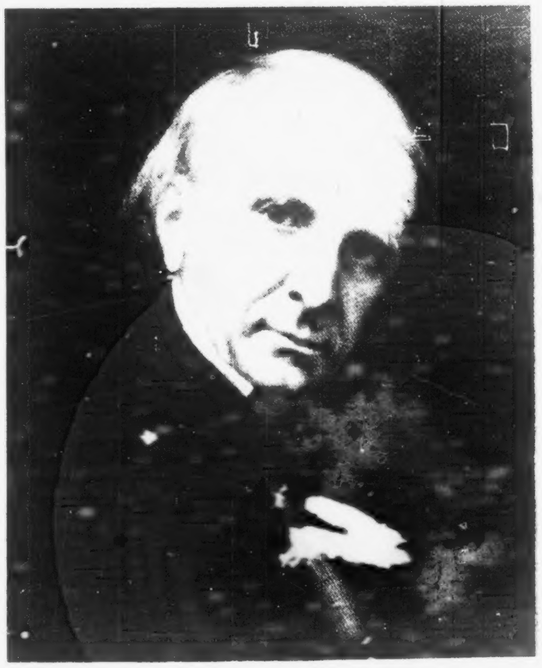
Abuses in the Consular Service persisted into the late 19th century despite strenuous efforts to correct them. In 1872 a representative of the Treasury, DeB. Randolph Keim, reported the results of an extensive investigation of the Consular Service. He uncovered many irregularities, among them collection of illegal fees, improper exercise of judicial powers, fraudulent accounting, faulty administration of estates left by Americans who died abroad, issuance of illegal passports, and sale of the American flag. Keim thought that the most important feature of his investigation was the "ingenuity displayed by consular officers, since the Act of 1856 particularly, in defrauding the Government and grasping gains from various outside sources besides."

Few changes in basic foreign policies can be detected during the generation after the Civil War; the

Alvey A. Adee

Alvey A. Adee began his diplomatic career as a private secretary at the Legation in Spain in 1869. He became a clerk in the Department in 1876 and Chief of the Diplomatic Bureau 2 years later. Appointed Third Assistant Secretary of State in 1882 and Second Assistant Secretary in 1886, he became First Assistant Secretary of State just before his death in 1924.

Adee approved or drafted almost all outgoing correspondence and was a stickler for correct style and usage. In times of crisis he would install a cot in his office. Deaf, reclusive, and unmarried, he dedicated his life to the operation of the Department, advising Presidents and Secretaries of both parties and briefing diplomatic and consular officers. A longtime resident of Washington is said to have remarked as Adee bicycled past him: "There goes our State Department now."



Elihu B. Washburne had the shortest term of office of any Secretary of State—March 5–16, 1869. As Minister to France (1869–77), he witnessed the Franco-Prussian War, the Paris Commune, and the fall of an empire and the birth of a republic.

(Department of State photo)

Frederick Douglass

Frederick Douglass was born into slavery in Maryland. After escaping bondage, he became a leading abolitionist. Following the Civil War he received two diplomatic assignments. In 1871 he served as secretary of a commission sent to Santo Domingo to explore the possibility of annexing that island. More important, in 1889 he became Minister to Haiti and charge d'affaires to Santo Domingo. In this capacity he became involved in an unsuccessful attempt to acquire the Môle St. Nicolas in Haiti as a coaling station. In 1891 Douglass resigned his office after critics alleged that he showed undue regard for the Haitian point of view.

Ebenezer Don Carlos Bassett, America's first black diplomat, was Minister Resident and Consul General in Haiti from 1869 to 1877. (Department of State photo)

"The Yankee King of Spain"

The appointment of Daniel E. Sickles as Minister to Spain in 1869 was the culmination of a flamboyant public career. As Secretary of the Legation in London (1853–55), Sickles had helped to arrange the conference of ministers that produced the Ostend Manifesto. He also had his mistress presented to Queen Victoria. As a Democratic Congressman from New York, Sickles gained notoriety for shooting his wife's lover in Lafayette Square, being acquitted of murder, and then forgiving his wife.

At the outbreak of the Civil War, Sickles raised a brigade of volunteers in New York City and maintained them at his own expense until they were taken into the Army. He led the "Excelsior Brigade" into battle and rose to the rank of Major General and to the command of the Third Corps of the Army of the Potomac. At Gettysburg, he moved his corps to an exposed position and lost most of his troops and his right leg. (The bones of his leg are on display in the Army Medical Museum.) In the spring of 1865, Sickles conducted a diplomatic mission to Colombia to arrange the passage of American troops through Panama.

Sickles was appointed Minister to Spain as a reward for his early support of Grant's campaign for the Presidency. He was instructed to offer help to Cuba in purchasing independence from Spain, opening the way to eventual annexation. Spanish opinion was outraged, and General Prim, the Spanish Prime Minister, was assassinated before he could reconsider. After King Amadeo I declined the offer of purchase, Sickles plotted with Spanish republicans in the vain hope that they would be more willing to sell after they came to power.

Sickles lived lavishly in Madrid, renting a box at the opera and having his secretary, Alvey A. Adee, order fine wines and luxury goods for him from London and Paris. Sickles frequently traveled to Paris, where he had an affair with Isabella II, formerly the Queen of Spain. Isabella herself was notorious for her affairs, and there had been much speculation about the paternity of her children. Parisian society promptly dubbed Sickles "the Yankee king of Spain." Sickles also married Caroline de Creagh, lady-in-waiting to the former Queen.

On October 21, 1873, the Spanish warship captured the steamer *Virginius*, as it carried arms to insurgents in Cuba. After Spanish authorities executed the captain and most of the crew, many of whom were American citizens, the United States demanded the release of the ship and the remaining prisoners. Sickles was instructed to close the Legation and return home if the Spanish Government did not accept these demands within 12 days. Sickles, however, was ready to close the Legation after 5 days. The crisis was averted when the Spanish Government offered to negotiate in Washington rather than Madrid, and Sickles then resigned.

Sickles left for Paris on March 27, 1874, and lived there for 5 years. After his return to the United States, he devoted the rest of his life to the preservation of the Gettysburg battlefield and to defending his conduct during the battle.

Department of State Bicentennial
1781–1981

To commemorate our bicentennial, we are pleased to present in this issue (center section) a short history of the United States Department of State by David F. Trask, the Historian.

This article also has been issued as a separate pamphlet by the Bureau of Public Affairs; copies may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The Editors

Southern Africa: Four Years Later

by Richard M. Moose

Statement before the African Studies Symposium of the Black Studies Program at Pennsylvania State University, University Park, on October 13, 1980. Mr. Moose is Assistant Secretary for African Affairs.

During the last 4 years Africa, and southern Africa in particular, have received increasing attention from your government and from the American people. We recognized, at the outset of the Carter Administration, that American values and American strategic and political interests dictated an American role—a more active American role—in southern Africa. I believe that we have good reason to be satisfied that our Africa policy has advanced these interests.

The pursuit of these three principles—human rights, racial equality, and democratic rule—has been the centerpiece of this Administration's Africa policy. Our forthright position and the progress we have made in southern Africa, based on these principles, have been the key to strengthening our African relations.

Our Africa policy is defined by the concentric relationships between South Africa and southern Africa, between southern Africa and the rest of Africa, and Africa and the United States. These relationships are substantively different today from what they were in 1977. This evening, therefore, I would like to review the southern African situation as we found it in 1977, the basic principles underlying this Adminstration's policy, and the components of the policy as it developed. I would like to compare these to the situation in southern Africa today and to consider the implications for future policy of the ongoing processes in southern Africa.

A basic theme of this Administration has been consistency between what we see as fundamental American principles and the substance of our foreign policy. We have acted in the belief that American principles and American interests should be mutually reinforcing—justice at home; justice abroad. In southern Africa this meant that our policies should be directed at progress toward the respect for human rights, economic opportunity, and the full political participation for all peoples regardless of race. We concluded that U.S. political and strategic interests required progress on all three southern African issues—Zimbabwe, Namibia, and South Africa.

U.S. Policy

In the early months of President Carter's Administration, a difficult course was set. Vice President Mondale met in Vienna with then South African Prime Minister [Johannes Balthazar] Vorster. The Anglo-American effort on Rhodesia got underway, and the contact group began negotiations on Namibia.

Forty-six months later Zimbabwe is independent, the Namibian negotiations have been substantially advanced, and white South Africa is engaged in an agonizing reappraisal of the grand design of apartheid. Meanwhile, the United States has developed stronger relations with African states throughout the continent.

Our initial premise with regard to South Africa was that the system of apartheid is morally abhorrent and that our own traditions and principles required us, as a nation, to make clear our opposition. In addition, it was our judgment that apartheid, separate development, and racial discrimination undermined the pursuit of all of our interests—strategic, political, and economic. Our position was, therefore, clearly established on the basis of both moral principle and national interests.

On this basis we made the future course of our relations with the South African Government dependent upon progress toward the elimination of apartheid. And let me emphasize here that while this statement of policy—while it invoked specific political principles—it did not include explicit political prescriptions. Our actions and our statements over the last 4 years have been firmly based on the right and the need for full political participation. Our position is that the best political system for South Africa is one agreed to by all South Africans but not dictated by any one party. It is in this light that our policy toward South Africa over the past 4 years should be interpreted.

Within the framework of our policy, we have taken a series of actions which speak to the seriousness of our intent:

- The United States fully supported the U.N. Security Council mandatory arms embargo in November of 1977;
- Suspended all nuclear cooperation with South Africa pending South Africa's adherence to the NPT [Non-Proliferation Treaty] and the adoption of full scope safeguards;
- Unilaterally expanded the U.N. arms embargo to cut off any and all exports to South African military and police entities;
- Further curtailed all official sports contact;
- Limited official military cooperation and representation;
- Restricted visas for high-ranking South African military and police officers;
- Limited Eximbank and CCC [Commodity Credit Corporation] credit facilities;
- Supported U.N. resolutions condemning political repression by the South African Government;
- Publicly and privately we are protesting bannings, detentions, and denials of passports of South African leaders and citizens;
- Sent observers to political trials;
- Redrew our international visitors program to more accurately reflect the population balance in South Africa;
- Endorsed and promoted the Sullivan code of fair labor practices;
- Gave technical support to black union leadership;
- Continued to recognize the so-called independent homelands of Transkei, Venda, Bophuthatswana, and prospectively, the Ciskei; and
- At the same time, have sought to strengthen our official and nonofficial contacts with black organizations and leaders.

And here at home we have sought to make the American public aware of the moral, political, and strategic consequences of apartheid for the United States. The change in attitude which these measures reflect represents a clear break with the policy of previous Administrations.

As we anticipated these measures provoked strong reactions from all fronts—from those who say that what has been done is not enough to those who would argue that these measures have only served to stiffen the back of Afrikaner resistance or that we have only demonstrated that the United States is irrelevant to South Africa. There are elements of truth, antagonism, and wishful thinking in these points of view.

What is clear is that the ongoing discussions of Namibia independence, the changed U.S. policy toward South Africa, and the fact Zimbabwean independence have together produced an environment for South Africa which is markedly different from that which existed in 1977.

Internal Changes

South Africa underwent a period of flux following the Soweto riots of 1976 and the murder of Steve Biko. By 1979 the new South African Prime Minister, P. W. [Pieter Willem] Botha concluded, in his own words, that South Africans must "adapt or die." The facts appear to justify the Prime Minister's sense of urgency; the pace of events continues to accelerate. Look at what is occurring inside South Africa:

- Black politics have taken on a new dynamism. Several increasingly powerful and articulate black groups, including particularly the ANC [African National Congress], Inkatha, the Committee of Ten, Black Consciousness, AZAPO [Azanian People's Organization], the PAC [Pan-African Congress], the Coloured Labour Party, the Indian Reform Party are all actively promoting black political rights. Moreover, these groups are searching for common ground between themselves. Perhaps more important, however, is the rise of a new center of black political power in the trade union movement.

- The increasing strength of the black trade union movement in South Africa is one of the major historical developments there since 1948. This development, no doubt, reflects the larger role of the black population in the urbanized industrial sector.

- The so-called colored community has been an integral part of these developments and has undergone a historic shift of self-identification from almost white to almost black. Students have rejected Bantu education and the racial status quo in their own name and in the name of the entire black population.

- This black political and social evolution has been accompanied by increasing white questioning of the homelands premise—not that it was ever valid. Numerous recent reports, some official, have documented the nonviability of economic apartheid. Indeed, it has even been suggested in official quarters that separate economic development be abandoned in favor of regional economic cooperation. That is to say, the white community is searching for an economic alternative.

- Certainly, the desperate search for political alternatives to the grand design of Malan and Verwoerd, short of one-man, one-vote, is clear from the plethora of constitutional schemes now being considered. In the process the Westminster political model is being abandoned, and a new white political system is taking shape in the form of a strong executive and cabinet decisionmaking. The Senate was dispensed with, with few notices or regrets, and replaced by the President's Council, whose fate, in turn, is uncertain without black participation.

The search for a new political dispensation for a political alchemists' formula has seized the white community. The most significant changes, to date, within the white community are in their expectations, in the search by the ruling minority for new political structures, its movement toward an economic policy of unfettered economic growth, as well as its increased use of the language and style of reconciliation. These attitudinal changes reflect an intellectual ferment within the Afrikaner community. Increasingly, students, editors, writers, academics even, South Africa's military—we are told—now speak of apartheid not only as unrealistic in today's world but unjust, and even indefensible.

Increasingly, students, editors, writers, academics even, South Africa's military—we are told—now speak of apartheid not only as unrealistic in today's world, but unjust, and even indefensible.

The business community is apprehensive that the perpetuation of apartheid not only limits prospects for growth but actually invites revolution and destruction. Changes within Afrikanerdom have, thus, been stimulated by a complex of domestic economic, political, and social developments. These internal developments are cast against an external backdrop where South Africa's buffer states have disappeared, leaving South Africa the world's only surviving white minority regime.

In the face of this reality, the politicians and advisers around the Prime Minister, including South Africa's senior military officers, have come to recognize that changes must be made in an effort to control both domestic discontent and international pressures. However, it is not yet evident that the white South African leadership understands the nature and the depth of black grievance nor is it prepared to enter into meaningful consultations with black South Africans.

The majority of black South Africans are clearly unwilling to accept a solution dictated by whites alone. They insist not on specific formulas for sharing power but rather on a national forum to discuss such formulas. Black political leaders, across the spectrum, appeal for black political rights, for serious negotiation on pressing problems, and for cooperative planning of the country's future. A few —but too few—significant meetings have been held. And frequently, those who call for dialogue are detained, imprisoned, or banned. The voices of conciliation and compromise across the country warn that it soon will be too late for talk.

We acknowledge that the situation in South Africa has changed and is changing, and it would be a mistake to think that the South Africa of 1980 is the South Africa of 1977. But it would

Strengthening the CSCE Process

by Griffin B. Bell

Opening address delivered on November 13, 1980, at the followup meeting of the Conference on Security and Cooperation in Europe (CSCE), which opened in Madrid on November 11, 1980. Ambassador Bell is chairman of the U.S. delegation.

It is appropriate that this second review meeting of the Conference on Security and Cooperation in Europe should be held in Democratic Spain. From the days of Queen Isabella, Spain has played a major role in Europe, and the explorations of Columbus—sailing under the Spanish Crown—established the link between the Old World and the New, a link recognized at our Conference. It is also appropriate that the Spanish delegation should be headed by Javier Ruperez, my distinguished colleague, for we well remember the active and constructive role he played in the negotiation of the Helsinki Final Act. In expressing my own delegation's view of that historic document, I can do no better than to quote the words of His Majesty Juan Carlos, the King of Spain. He said: "The main themes of international comity are reflected in the basic document of this Conference, the Helsinki Act of 1975, with regard to security as well as to cooperation, to humanitarian acts, to the right of free communication, and to the overall maintenance of individual and social rights."

The United States is fully committed to the process which began with the signing of the Final Act by the heads of state of our 35 nations. We are committed to that process because we believe it represents the soundest basis on which we can develop and strengthen our mutual relations. We support that process, as well, because it is founded on principles whose validity and truth have been tested and confirmed in our own experience throughout our own history as an independent nation. Let me cite a few examples.

- The Final Act demands respect for the sovereign equality of all nations. This principle was a touchstone of our early history as a nation, for we had to fight to establish and then to maintain our sovereignty and national identity.
- The Final Act proclaims the principle of self-determination of peoples, a principle which is basic to our American Revolution. Indeed, it was fitting that a visionary American President, Woodrow Wilson, should have championed that principle following World War I and that his efforts should have aided the emergence of several of the nations represented at this Conference. And it is fitting that, today, my country should be in the forefront of those calling for self-determination where it is ignored or denied.
- The Final Act embodies, at its core, the great principle of human rights and fundamental freedoms, a principle born during the European enlightenment, nurtured by such great thinkers as Locke and Voltaire, and given voice by Thomas Jefferson in these words from our Declaration of Independence: "We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness."

Let no one doubt, therefore, the fidelity of the United States to the commitments we undertook at Helsinki. We could no more turn our back on those commitments than we could turn our back on our own heritage as a nation.

CSCE is more than a document. It is a dynamic and positive process—

- A process which is slowly but surely breaking down the barriers which grew up at the height of the cold war.
- A process which is bringing people together across the East-West divide.
- A process which facilitiates the exchange of ideas and information and the growth of economic contacts, and
- A process which calls on each of us to carry out the obligations we assumed at Helsinki and which calls on all of us to examine how well those obligations are being carried out.

This Madrid meeting is the second major gathering since that historic day in Helsinki. The Belgrade meeting made clear that CSCE was a continuing process because it confirmed that the nations which signed the Final Act could come together periodically to examine how their commitments to one another had been honored and implemented. Such periodic examinations of the record are necessary. Without them, the great undertaking of Helsinki might remain a static, not a dynamic, concept. It was, therefore, encouraging for my government that, although the discussions at Belgrade were sometimes difficult and always frank, the Belgrade gathering provided—by consensus—for the holding of a similar meeting at Madrid as the next major step in the Helsinki process. We can hope that this process will continue as all nations come to recognize the truth that strong and confident governments have nothing to fear from plain speaking, from whatever source it might come.

Because of our conviction that CSCE is a positive process, indispensable to the advancement of security and cooperation in Europe, my government will be second to none in working to insure that this Madrid meeting further strengthens the CSCE process. We are not here to confront and to polemicize; we are here to cooperate and to construct.

Human Rights

Those gathered around this table will hear often over the next several weeks that the words of the Final Act on human rights and human contacts must be interpreted in different ways when applied in different social systems. This argument is untrue—and profoundly harmful to the spirit of our enterprise. The men and women who are citizens of our countries do not possess human rights because they are members of this or that social system. They possess human rights because they are human beings. Those rights derive, in the words of the Final Act, from the "inherent dignity of the human person and are essential for his free and full development."

To put it another way, I would like to cite a story involving the great Russian writer Lev Tolstoy and our American President Abraham Lincoln. Tolstoy was an admirer of Lincoln, and he liked to explain Lincoln's greatness to the simple people on his estate. Lincoln, Tolstoy said, was a great man because his every act was rooted in humanity, truth, justice, or pity. That description, it seems to me, suggests the principles on which the human rights in the Final Act are based.

The Final Act itself tells us what those rights are. They include the freedom of thought, of conscience, and of religion or belief. They include the freedom effectively to exercise civil, political, economic, social, cultural, and other rights and freedoms. They inlude the right not only to practice but also to profess religious belief according to the dictates of one's own conscience. And they are, taken together, an essential factor for peace, for justice, and for friendly relations and cooperation among states. Governments can deny them—but they can neither change, nor reduce, nor destroy them.

The principles I have just repeated come from the Final Act, but not only from the Final Act. They are principles which summarize over 2,000 years of our intellectual and political history, from Aristotle's charter for a just state, to Tom Paine's fiery defense of political freedom, to the eloquence of Dag Hammarskjold in the cause of human dignity. Those principles speak from our common heritage. They speak in the voices of patriots revered by each of our nations. They speak to all of us here and to all of the citizens of our countries. The question which history will ask about our endeavor is how well we lived up to those principles—whether we advanced or set back the cause of human rights and of human freedom.

It is a question which, in the first instance, each of us must ask himself or herself. We in the United States have done so and will continue to do so. I believe the U.S. record of implementation is something we can be proud of. We are a free society—free enough to admit our shortcomings and concerned enough to try to correct them. The degree to which we have fulfilled our obligations under the Helsinki Final Act is an open book for all to read. We are willing to profit from examination, suggestions, and criticism. And this should come as no surprise, for the very first document of our republic—our Declaration of Independence, signed on July 4, 1776—states that we owe "a decent respect to the opinions of mankind."

Violations in Other Countries

Just as the obligations undertaken under the Final Act require each of us to look carefully at our own implementation record, so they require each of us to look carefully at the implementation record of others. The record since our meeting in Belgrade has had some bright spots, especially in the area of freer movement across international frontiers.

- A number of countries—among them Romania, the German Democratic Republic, Czechoslovakia, Poland, and Bulgaria—have made important efforts to resolve the outstanding cases of their citizens who wish to be reunited with their families elsewhere.
- In several countries—such as Hungary, the German Democratic Republic, and Poland—there have been efforts to explore how church and state can better live with each other, consistent with the commitment in the Final Act to expand religious freedom.
- In Eastern Europe, as a whole in 1979, over 50,000 ethnic Germans were granted permission to join their relatives in the West.
- There has been encouraging progress in some countries toward creating more responsive and diverse social and economic systems.
- Several countries have undertaken studies of their own implementation records with a view to improving the performance. We hope this trend will continue.
- There has been some success in the security area of CSCE, where confidence-building measures have been implemented. Progress in economic, technical, and scientific cooperation has also been achieved, notably by the signature last year of the transboundary air-pollution agreement. In both the economic and security areas, progress has been modest, yet the Final Act has served as a catalyst for imaginative thought which bodes well for more ambitious steps when circumstances permit.
- Finally, the situation in and around the divided city of Berlin has remained relatively calm. It is of fundamental importance to European security and cooperation that Berlin continues to receive the full benefits of the Final Act and the quadripartite agreement.

As encouraging as this evidence of progress has been, there is a darker side of the record of implementation which must also be considered. In this regard, I must mention, first of all, the invasion of the independent nation of Afghanistan by armed forces of the Soviet Union, forces which remain in that country even as our meeting convenes. I shall not recite all the provisions of the Final Act—and indeed, of the U.N. Charter and other solemn agreements—which this invasion violated. Nor will I pause to refute the transparent explanations which Soviet leaders have offered for their action. I will say only that the Soviet invasion cast a dark shadow over East-West relations which no meeting, no pronouncement, nothing, in fact, but the total withdrawal of Soviet troops, can dispel.

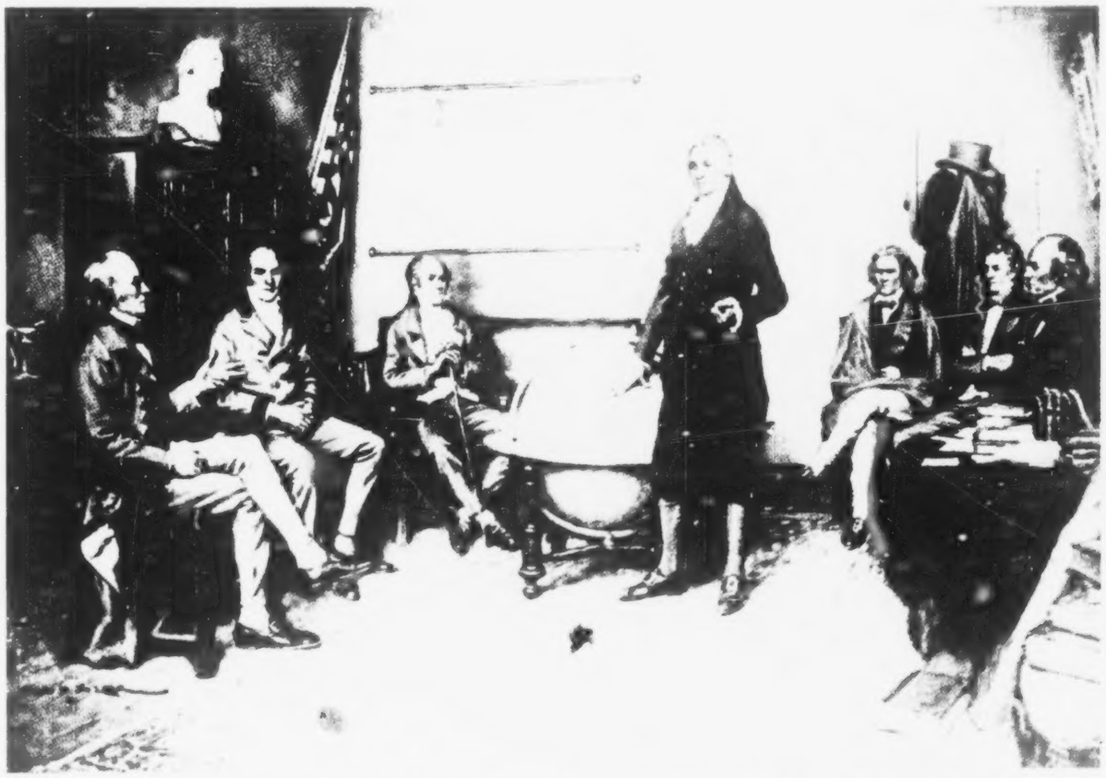
Were this the only instance in which the obligations of the Final Act had been ignored since our last meeting, our task here would be solemn enough. But this is not the case. As I have cited examples of progress, so must I call attention to a lamentable record of continued denial of human rights written over the past 3 years by the governments of some signatory nations.

- In the Soviet Union, in direct contravention of the Final Act, Western radio broadcasts—including those of BBC [British Broadcasting Corporation], Deutsche Welle, the Voice of America, Radio Free Europe, and Radio Liberty—have been jammed.
- In the German Democratic Republic, a new and punitive increase in required currency exchanges for Western visitors has drastically reduced the ability of West Germans, particularly, the elderly and the poor, to visit family and friends in the East.
- In the Soviet Union the Jewish emigration rate, which encouragingly reached a record high in 1979, has declined in 1980 by 50%, while at the same time, harassment and denial of exit permits continue as before.
- In Czechoslovakia, the courageous members of the Charter 77 group, created to monitor compliance with the Helsinki Final Act, have suffered continued harassment and periodic imprisonment. As I speak, Vaclav Havel, a

with England and Spain. The purchase of Louisiana in 1803 during President Jefferson's first Administration guaranteed eventual control of the North American Continent between Canada and Mexico. Extreme dangers to the nation materialized during the War of 1812, but they were surmounted during the Administration of President Madison. And finally President Monroe's Administration arranged the Adams-Onis treaty with Spain (1819), which added Florida to the national domain and settled the boundary with Mexico on most advantageous terms.

However impressive, these accomplishments were not equal in importance to the formation of a general foreign policy for the United States that was to endure for over a hundred years: the idea that the United States should observe political isolation from European powers during time of peace and maintain strict neutrality during periods of warfare in Europe. Franklin anticipated this posture when he observed that "a virgin state should preserve its virgin character and not go suitoring for alliances, but wait with decent dignity for the application of others." In 1796 President Washington expressed this general outlook in classic form, arguing in his Farewell Address: "The great rule of conduct for us in regard to foreign nations is . . . to have with them as little political [as distinct from commercial] connection as possible." Europe, he continued, had its own set of interests, and these interests were very different from those of the United States. Fortunately, the state of international relations tended to confer freedom of action upon the nation. "Why forego the advantages of so peculiar a situation? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?" Therefore, concluded Washington, "it is our true policy to steer clear of permanent alliances with any portion of the foreign world, so far, I mean, as we are now at liberty to do it." Thomas Jefferson, although of very different political views from Washington, confirmed the national consensus on the virtues of isolation and neutrality, restating the principle cogently in his First Inaugural Address (1801): ". . . peace, commerce and honest friendship with all nations, entangling alliances with none."

If it was appropriate for the United States to avoid intervention in European affairs, it seemed equally logical that Europe should desist from further interference in the affairs of the Americas. Secretary of State John Quincy Adams enunciated this principle in 1823. He was the real author of the Monroe Doctrine, which stated simply: "We could not view any interposition for oppressing [the nations of Latin America], or controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States." Although the young country lacked the means to enforce the Monroe Doctrine, and other powers did not fully accept it for many years to come, its presentation in 1823 marked the completion of the project that had begun in 1775—the independence of the United States.



The Monroe Doctrine extended the principles of neutrality and independence from European conflicts to the entire Western Hemisphere. (Library of Congress photo)

The Expansionist Years, 1823–1867

During the 44 years between the birth of the Monroe Doctrine (1823) and the purchase of Alaska from Russia (1867), the Americans devoted their national energies to extending their dominion across North America and to building a diversified economy. They were permitted to concentrate on these endeavors because no serious external threats arose except during the Civil War (1861–65). A stable balance of power materialized in Europe after the conclusion of the Napoleonic wars, the maintenance of which deterred possible aggressors from interventions in the New World. Any nation that attempted to interfere in the affairs of the Americas would have exposed itself to considerable difficulty on the eastern side of the Atlantic. Therefore, the United States enjoyed a long period of "free security," that is, an extended moratorium on serious external challenges like those that had menaced it before 1815.

It was now possible for the ambitious republic to practice a liberal form of nationalism, one that stressed good will toward other nations and emphasized internal development rather than active foreign policies. John Quincy Adams set the tone for nearly a century of foreign policy on July 4, 1821, when, speaking of his beloved country, he said: "Wherever the standard of freedom has been or shall be unfurled, there will her heart, her benedictions, and her prayers be. But she does not go abroad in search of monsters to destroy." The republic would influence the world by offering an example rather than by exercising force. Americans would be "well-wishers to the freedom and independence of all"; their government would be "champion and vindicator only of her own."

These sentiments prevailed in the United States throughout the 19th century. In 1850, for example, President Millard Fillmore restated the fundamental premise of liberal nationalism when he insisted that the United States must grant to others what it deemed imperative for itself—the right to establish "that form of government which it may deem most conducive to the happiness and prosperity of its own citizens." This principle meant that "it becomes an imperative duty not to interfere in the government or internal policy of other nations." Although Americans might "sympathize with the unfortunate or the oppressed everywhere in their fight for freedom, our principles forbid us from taking any part in such foreign contests."

The shift toward domestic concerns and the practice of liberal nationalism slowed the growth of the Department of State throughout the 19th century. Secretaries of State after 1823 dedicated themselves more to preserving than expanding the influence of the Department. Presidents paid more attention to the Treasury or the War Department than to the guardians of foreign relations.

The low priority attached to foreign relations resulted in a tendency to depreciate diplomacy and its practitioners. Secretary of State Edward Livingston sorrowfully summarized this attitude as early as 1833. Americans thought of their ministers as privileged characters "selected to enjoy the pleasures of foreign travel at the expense of the people; their places as sinecures; and their residence abroad as a continued scene of luxurious enjoyment." Congress frequently adopted parallel views. In 1844 the House Committee on Foreign Affairs proposed to assign ministers to a circuit of legations, for example, a minister resident to serve Bolivia, Chile, and Peru. In 1859 Representative Benjamin W. Stanton of Ohio said that he knew of "no area of the public

James Russell Lowell, Minister to Spain (1877–80) and to Great Britain (1880–85), was one of many distinguished American authors who held diplomatic or consular posts.

(Library of Congress photo)

George H. Butler, nephew of a prominent Massachusetts Congressman, was appointed Consul General in Alexandria, Egypt, in 1870. He dismissed all consular agents, auctioned off their commissions, and purchased dancing girls. Shortly before his recall in 1872, he was involved in a brawl with three former Confederate officers.

(Library of Congress photo)

overarching principles of isolation and neutrality remained firmly entrenched. In 1894 Secretary of State Walter Q. Gresham of Illinois reaffirmed Washington's "great rule of conduct" in commenting on what he deemed a questionable departure from the policy of "no entangling alliances"—an agreement with Germany and Great Britain to share control of the Samoan Islands. "Every nation, and especially every strong nation, must sometimes be conscious of an impulse to rush into difficulties that do not concern it, except in a highly imaginary way," he noted. To contain this tendency Gresham offered a traditional remedy: "To restrain the indulgence of such a propensity is not only the part of wisdom, but a duty we owe to the world as an example of the strength, the moderation, and the beneficence of popular government."

Perhaps the most notable development in foreign policy was the elevation of the Monroe Doctrine into an unquestioned article of faith as the nation gave increasing attention to Latin America. Secretary of State James G. Blaine of Maine responded to this development; he inaugurated the modern Pan American movement in 1889, although it did not prosper until the early years of the 20th century.

The limited importance assigned to foreign relations after the Civil War was reflected in the modest growth of the Department of State and the foreign services. In 1880 the Department had only 80 employees compared with 42 in 1860, and the total declined to 76 in 1890. The number of diplomatic missions increased to only 41 in 1890, up from 33 in 1860, while the number of consular posts grew during the same period from 282 to 323. Diplomats numbered 45 in 1860 and 63 in 1890. The Consular Service expanded much more, employing 1,042 people in 1890 compared with 236 in 1860.

Expenditures on domestic and foreign operations rose from $1.3 million in 1860 to only $1.8 million in 1890. These were limited increments, indeed, when compared with the increase of the general population, which approximately doubled between 1860 and 1890.

In 1870 the Department underwent a significant reorganization at the initiative of Secretary Fish. The principal change was a further elaboration of the bureau system that Secretary McLane had inaugurated in 1833. To cope with the growth in overseas missions and consulates, Fish established two diplomatic bureaus and two consular bureaus with geographic responsibilities. The First Diplomatic Bureau and the First Consular Bureau dealt with Europe, China, and Japan. The second pair of bureaus managed communications with the rest of the world—Latin America, the Mediterranean region, Russia, Hawaii, and Liberia. Five other bureaus were created—the Chief Clerk's Bureau, the Law Bureau, the Bureau of Accounts, the Statistical Bureau, and the Passport Bureau. The reorganization of 1870 endured for 39 years, undergoing only minor adjustments during that period.

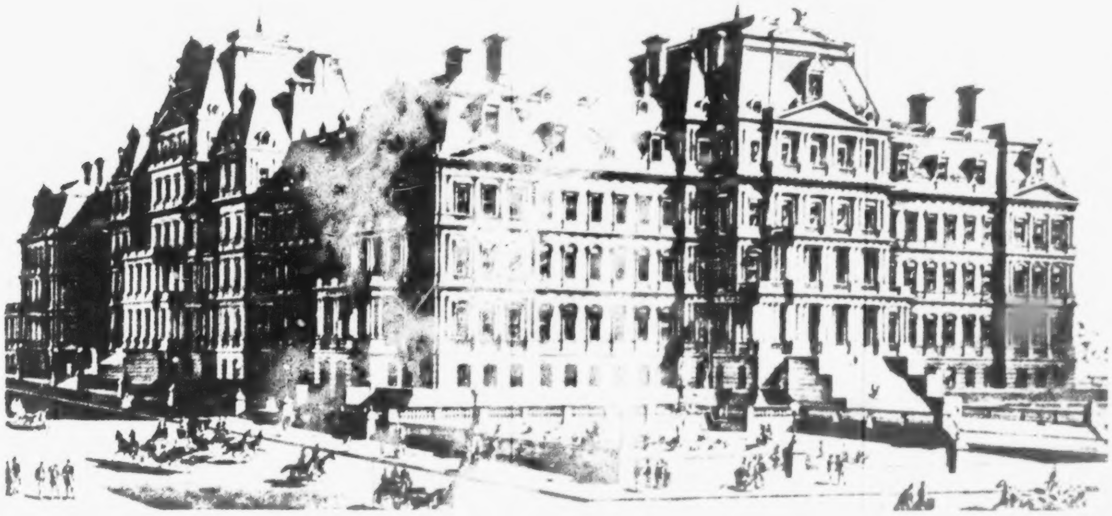
In 1888 the Department of State moved into an imposing new home—the State, War, and Navy Building located at 17th Street and Pennsylvania Avenue, N.W., and in 1893 the United States finally upgraded envoys accredited to the most important foreign powers to the rank of ambassador. Previously all missions had been legations headed by ministers. Embassies were established in Great Britain, France, Germany, and Italy after those nations conferred ambassadorial rank on their representatives in Washington.

These changes did not mean that the Department and the foreign services had altered their traditional practices. One historian described the Department of 1898 as "an antiquated feeble organization, enslaved by precedents and routine inherited from another century, remote from the public gaze and indifferent to it. The typewriter was viewed as a necessary evil and the telephone was an instrument of last resort." Most of the old problems endured into the 20th century. The Department and the foreign services were shorthanded; employees at home and abroad were seriously underpaid. Appointments were still subject to the spoils system, Congress having failed to legislate a system of selection and promotion by merit and job protection through the award of tenure to the deserving.

Suddenly, the general circumstances that had influenced the Department of State since 1815 were vastly altered as the result of a short but important war. In 1898 the United States became involved in a struggle with Spain that stemmed from popular support for the independence of Cuba. The decision to free Cuba was a startling departure from the practice of traditional liberal nationalism, but as a surprise it did not compare with the results of the war. The Treaty of Paris (1898) provided for Cuban independence and also for the cession of important Spanish possessions to the United States—notably the island of Puerto Rico in the Caribbean Sea, the entire Philippine archipelago in the western Pacific Ocean, and the small island of Guam in the central Pacific Ocean.

This assumption of colonial responsibilities overseas in two widely separated regions, a stunning aberration from liberal nationalism, reflected not only the temporary enthusiasms of 1898 but a basic change in the international posture of the United States. The old foreign policies reflected the circumstances of the earlier 19th century, but by the 1890s the situation had changed greatly. The nation had acquired almost all the attributes of a great power; it stood ahead or nearly ahead of almost all other countries in the critical measures of power, such as population, geographic size and location, economic resources, and military potential.

State, War, and Navy Building



In 1869 Congress recognized that the building housing the Department of State (the Washington City Orphan Asylum) was inadequate because of the high rent, shortage of space, and the severe fire hazard. Consequently a commission was appointed to recommend a site and submit plans for a new executive office building to house the Department of State. By February 1870, it was agreed to construct a building on a site west of the White House, a site which was then partially occupied by the buildings of the War and Navy Departments.

The construction was to be done in stages beginning with the south wing in order to avoid interfering with the business of the War and Navy Departments. This would allow these two departments to remain in their buildings until later when those buildings would have to be razed to make way for the other wings. Just before the south wing was completed in June 1875, the Department of State began moving in. The War and Navy Departments moved into the east wing immediately after it was ready for occupancy in April 1879. The north wing was completed in late 1882 and the War Department moved into it in February 1883. The west and center wings were occupied in early 1888.

Upon completion it was reputed to be the largest and finest office building in the world. Exclusive of basement and sub-basement, it has a total floor area of about 10 acres and contains nearly 1–¾ miles of corridors 12 feet wide. These are paved with black slate and white marble. The eight spiral stairways with steps of gray granite are unsupported by either beams or arches. There is very little woodwork in the entire building, the most noteworthy being the doors.

The south wing had been planned and built for the exclusive use of the Department of State. The Secretary had his office on the second floor at the southwest corner and the diplomatic reception room—the scene of the signing of many historic documents—adjoined the Secretary's office.

Because of the pressure of space, the Department of State was forced to move some of its office out of this building and into rented quarters in other parts of the city. In 1918 the Navy Department moved to new quarters and all State Department offices were reunited in this building where they remained until 1936.
In 1930, following the departure of most of the War Department, the name of the building was changed to the Department of State Building. Again, however, the structure grew overcrowded and another exodus to outlying buildings became necessary. In 1947 the Department of State moved to a new location at 320 21st Street, Northwest. The old State, War, and Navy Building now houses the executive offices of the President.

Africa and U.S. Policy

Address before the African-American Historical and Cultural Society and the World Affairs Council of Northern California in San Francisco on December 4, 1980.[1]

I am grateful for the opportunity to address this distinguished gathering. As you are aware—as I am only too aware—we are in a period of transition. I am now called a "lame duck" Secretary of State. I don't feel lame. And my voice is still working just fine. I intend to keep using it—now, and also in the years to come.

Next month we will have a new President in Washington and a new Administration. They come to power in times of extraordinary challenge, both at home and abroad. They deserve the encouragement and support of all who love this country. They shall have mine.

It is in that spirit that I want to discuss today a subject that will be vitally important in the years ahead—American policy toward the nations and the peoples of Africa. It is an appropriate subject to discuss—indeed, a necessary one—in this time of transition. There are two reasons why that is true.

The first is the record of President Carter. I know the hazards involved in trying to select those current events that future historians will find to have been fateful. But I want to take that chance here. I suggest that the development of U.S. policy toward Africa—especially the steadfastness which helped make the Zimbabwe settlement possible—will one day be recorded among President Carter's finest achievements and also among the most significant international developments of this period.

What has been tested in our policy toward Africa might be called the pragmatic application of democratic ideals. And it has received a ringing vindication—in an enduring peace in Zimbabwe and a real improvement in our relations throughout the continent. So the first reason why I want to discuss Africa policy now is that we need to understand—outside of the heat of a campaign when we are beyond any motive either to belittle or to exaggerate—that something profoundly important is underway.

My second reason for discussing this subject is that if Africa policy has been an area of achievement for President Carter, it can just as much a source of opportunity for President Reagan.

We should not forget that the impetus for a more activist southern African policy, in assisting the independence process, had its roots in a Republican Administration. It was during the incumbency of President Ford that the United States first considered seriously the issue of Southern Rhodesia and judged that our energies should best be devoted to convincing an unrecognized, isolated regime to adhere to the principles of free elections.

As I will develop more fully in a few minutes, the new Administration has a special capacity, and a rare chance, to advance the cause of justice in Africa and build our relations there.

Before defining that opportunity, let me describe some of the realities which have been our guideposts in Africa, and then outline the elements of the policy now in place.

Current Realities

It is dangerous to generalize about Africa. It is a complex of diverse cultures and traditions, countries that are comparatively wealthy and countries that are desperately poor. Experiences under different colonial powers have left a variety of legacies—some bitter, some of real value. But despite this diversity, there are a number of central realities which bear on our policy.

A first undeniable reality is that African nations are deeply important to the United States. We not only want, we need good relations with them. African nations are increasingly important to us economically, both as markets and as sources of critical materials. African nations are important politically. The 50 African countries make up nearly one-third of all the nations in the world. In the future they will play a growing part in determining whether humanity will be successful in addressing central challenges to our common future—to curb the spread of nuclear weapons, to curtail population growth, to ease hunger and disease to manage the world's finite resources and guard them for generations to come.

African nations have another importance for Americans—one that is understood especially well by the African Cultural Heritage Society. For millions of our people, the tragedy of slavery severed the thread of personal history. As those bonds are gradually restored—and as long, proud traditions are rediscovered—our own society, and all races, are the richer. So let us be absolutely clear on this point. Good relations with Africa are not only desirable; they are vital to our well-being.

A second reality that must concern us is that the people of Africa endure far more than their share of the world's suffering.

- Two-thirds of the world's most impoverished countries are in Africa.
- Africa has more refugees than any other region—more than 3 million people without homes, with little hope.
- Average nutritional standards in Africa are the lowest in the world, and they are getting worse.
- The natural resource base of Africa is threatened, as thousands of acres of farmland each year dry to desert.

The implications for people are clear. As they take a dreadful toll in human terms, these same conditions can also breed frustration and turmoil. And they make African societies vulnerable to pressures from outsiders seeking to exploit the suffering of Africans for ends of their own.

A third broad reality in Africa is a fierce determination to remain free from outside control. Nationalism, more than any ideology, shapes the dealings of African countries with the rest of the world.

This reality has a number of results. It means, for example, that while African nations need and seek assistance from outside, they are not likely to accept domination—from either West or East.

Nationalism also means we will see African societies evolving in their own ways, developing institutions appropriate to their own circumstances. They draw from their own histories and cultures, as well as from the experiences of both the West and the East.

These, in very brief summary, are some of the realities a sound policy toward Africa must accommodate—our own growing interests in Africa; the terrible poverty in many parts of Africa and the turmoil it can bring; the surpassing importance of nationalism in the policies also be equally a mistake to interpret the difference as evidence of progress.

Apartheid: Policy vs. Theory

In considering change in South Africa in a historical perspective, we should underscore the continuous historical linkages in the policy of racial separation from the Tribal Authority of 1924 to the 1980 "constellation of states." Under whatever scheme, we are still dealing with a government that is pursuing a policy of separate political development, however described.

The contradictions between the historical continuity of apartheid policy and the collapse of apartheid theory render the immediate future of South Africa highly uncertain. That future rests on the question of leadership. If the white leadership of South Africa accepts the ultimate implications of the multiracial character of that country, a peaceful transition to the future is still possible. However, if the leadership cannot, or does not, rise to the occasion, the tragic consequences which ensue will be visited upon all South Africans.

The majority of black South Africans are clearly unwilling to accept a solution dictated by whites alone.

It would be even more tragic if it were believed that the existing system could be preserved by force of arms. It would be equally mistaken to believe, as some are theorizing now, that the problems of apartheid will be solved by redefining South Africa's political orientation in terms of "no permanent alliances, only permanent interests."

What must be confronted is South Africa's permanent identity as an African country. South Africans cannot ignore southern Africa any more than the rest of Africa can ignore South Africa. Indeed, South Africans cannot detach themselves from the West any more than the conscience of the West can detach itself from apartheid. The concentric relationships are the permanent reality which define South Africa's permanent identity and determine both its alliances and its interests.

South Africa can no more ignore the fact that it is in Africa than its neighbors can ignore the various implications of its presence. South Africa's leadership has a choice in dealing with its neighbors much like that choice which it faces domestically. Events in the surrounding states profoundly affect the South Africans who are, in turn, major players in the future of their neighbors. The nature of South Africa's domestic situation will continue to be a key determinant in its external relations.

External Relations

Similarly, South Africa is clearly linked with Western civilization and the industrialized world. Out of their current anxiety and frustration and their rejection of outside criticism, some Afrikaners are casting about for ways to deny the existence of links to the West which they have worked—and continue to work—so assiduously to foster. Visitors are told that the critics and their governments are irrelevant and that they do not matter to South Africa. Certainly, South Africa's trade statistics do not support this view, and neither does the behavior of South Africans themselves. The truth of the matter is that white South Africans are probably more attentive and sensitive to what is said about them than most people.

I had this brought home to me in a rather vivid way last January. I was repeatedly told during a visit that America had made itself irrelevant to events in South Africa. A few months later I noted in a press roundup, sent by our Embassy in Pretoria, that several South African papers had reported that the Legislature of Nebraska had voted to require state institutions to divest themselves of holdings in South Africa. Since I had not heard of this, I made further inquiry, and I found that it appears that Nebraska's action was not accorded immediate newsworthiness anyplace in the American press and, yet, it made headlines in several South African newspapers.

The formula for our own relations with South Africa and with southern Africa must reflect the set of concentric and interlocking relationships. We must stick to the principles which have guided our Africa policy during the past years. But we must adopt the particulars of the last 3 or 4 years approach to the new realities of the South African and the southern African region.

U.S. Role

Our diplomacy and President Carter's determined stand on the Zimbabwe sanctions question helped to make possible Zimbabwe's independence. We must now do our utmost again, in concert with others, to enable Prime Minister [Robert] Mugabe to translate independence into a better life for his people. In this assessment, we find ourselves in complete agreement not only with our European allies and Zimbabwe's black neighbors but with South Africa itself. What has and will happen in Zimbabwe will continue to exert a powerful influence on black and white attitudes in South Africa. Further assistance for Zimbabwe will be one of the important questions before the Congress when it returns. President Carter has pledged increased assistance to Zimbabwe on our part.

As Zimbabwe hopefully works out its problems, the nine Lusaka nations will be laying plans to develop South African regional economic linkages of common benefit. We will attend the forthcoming planning conference on this subject at Maputo in November and, the Congress willing, we will support its work.

Within a few days representatives of the U.N. Secretary General will travel to South Africa to pursue agreement on the implementation of Security Council Resolution 435 in Namibia. South Africa's response to this mission will be a key indicator of its willingness to live and work in peace with its neighbors. Just as every nation's interests are being served by Zimbabwe's impressive and orderly transition to democratic rule, so will an end to the conflict in Namibia open new possibilities for economic progress and political stability in southern Africa. It is, clearly, the intent and within the ability of all those who have supported Resolution 435 to insure the impartiality of an internationally supervised transition process. The credibility of our commitment to that endeavor is reinforced by ours and everyone else's self-interest in an orderly and just outcome. South Africa will have an opportunity to establish its own good faith and credibility beginning a week from now.

Turning to South Africa's domestic scene, one hears fears expressed by white South Africans about something called "momentum." In their anxiety they worry that since Zimbabwe's independence is a fact, if Namibia goes, then South Africa will be next. But events in South Africa will not wait upon events in Zimbabwe or in Namibia. Events are moving at their own pace, and, as we observed earlier, that pace is accelerating.

In this confusing and often ambiguous situation, we must not fail to recognize change which is real and meaningful enough to merit our attention and our praise. We must also recognize, however, that we have lost credibility with black South Africa's increasingly diverse leadership; therefore, it is essential that we search for, and find, new and more meaningful ways to express our commitment to the aspirations of all South Africans.

Although some white South Africans charge that the United States fails to recognize and to act on their concerns, we are acutely aware of them. We consider that responding constructively to their legitimate security concerns is one of the essential factors in any peaceful dismantling of the apartheid structure and the institution of a system of full political participation.

At the same time, we will not allow ourselves to be denied a meaningful relationship with the black South African majority. Indeed, we must, in any event, do more to insure that our circle of contact with the newly emerging leaders continues to expand. The security and the welfare of the black majority is also an essential factor in the conduct of our relations.

Conclusion

It is neither our choice nor our wish that our relations with South Africa deteriorate further. We would like for those relations to improve, but such improvement can only come on terms which are consistent with our principles and acceptable to all South Africans. But, in any event, even at the extremes of disassociation, there is no way in which our principles or our interests will ever permit us to be disinterested or uninvolved in the fate of South Africa.

We recognize that South Africa is at a historical watershed: poised either to break out of self-inflicted shackles or to pull back from necessary economic, political, and social changes. The future is there for South Africa's leaders—both black and white—to seize. The critical areas of change—in citizenship and constitutional arrangements—have been repeatedly enunciated by prominent South African leaders.

We are prepared to oppose, and to oppose strongly, the preservation of apartheid. But, we're equally willing to take the steps necessary to support a farsighted and courageous effort by all South Africans to come to terms with each other and with their neighbors. ■

Foreign Service Act, 1980

PRESIDENT'S STATEMENT, OCTOBER 17, 1980[1]

I am today approving H.R. 6790, the Foreign Service Act of 1980. This bill provides the first comprehensive revision of personnel legislation for the U.S. Foreign Serice in 34 years. It is an important step in the reform, simplification, and improvement of personnel administration in the Government, a top priority of my Administration.

Because of its special conditions of employment, including the requirement of availability for worldwide service, the Foreign Service was exempted from most of the provisions of the Civil Service Reform Act of 1978. I recognized then, however, that the Foreign Service, operating under a 1946 act designed for a far different world, was also in need of reform and that many of the civil service reforms, appropriately modified, would promote greater productivity and improve personnel management in the Foreign Service as well.

The Congress agreed, and we worked together to frame legislation. The Foreign Service Act of 1980 is the product of our nonpartisan collaboration.

While this bill was being drafted, events were occurring that brought home vividly to all of us, the extraordinary demands placed on our Foreign Service personnel. They play an essential role in the formulation and conduct of U.S. foreign policy, and their service abroad often involves deprivation and danger. They are exposed to acts of terrorism and, in some places, to open hostility toward the United States and its representatives. We owe them our fullest support.

The new Foreign Service Act recognizes the professionalism and dedication required by today's Foreign Service. It sets high performance standards, provides incentive awards for outstanding service, and strengthens career development programs. It permits the President to promulgate a pay schedule that complies fully with the requirements of the Federal Pay Comparability Act. The Executive order I will sign, shortly, will achieve comparability between the Foreign Service and General Schedule pay systems.

When I signed the Civil Service Reform Act just 2 years ago, on October 13, 1978, I said that it would "bring efficiency and accountability and competence to the Federal Government that exceed what we have known in the past" and that it would put "incentive and reward back into the Federal system." Our experience since that law went into effect indicates that it is bringing real improvement to the Civil Service—and that the American taxpayers are getting a better return on their tax dollar.

I take great pride in signing this bill today. It is a modern charter, well designed to meet the needs of the dedicated, able men and women of the Foreign Service in the decades ahead. I congratulate all Members of Congress and their staffs who devoted long hours and months to preparing it and who worked closely with my Administration in bringing it successfully to enactment.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 27, 1980. ■

spokesman for this group, is serving out his 4-year term under harsh conditions of confinement, and

- In 1976 eleven men and women, citizens of the Soviet Union and longtime activists in the Soviet human rights movement, formed the Moscow Helsinki watch group to monitor the implementation of human rights commitments under Principle VII of the Final Act and under Soviet law. Similar groups appeared in the Ukraine, Lithuania, Georgia, and Armenia. The reaction of the Soviet authorities was to subject these brave people to brutal repression. Of the 71 individuals who have belonged to the Soviet Helsinki watch groups, 24 have been tried and found guilty, and 19 of them are currently serving a total of 156 years in forced-labor camps and exile. Eleven more have been placed under investigative arrest. Nine others were already serving previous sentences when they joined the Helsinki watch. Seven have emigrated, two were stripped of their citizenship while traveling abroad, one was exchanged for a Soviet spy, and one has died.

I will name only a few members of this remarkable group, but they are representative of all those in the Soviet Union who strive for the rights that are promised them in the Soviet constitution and in the Helsinki Final Act. All the world knows of Professor Yuri Orlov, the physicist, a courageous man always in the forefront, founder of the Helsinki group. The world also knows of Anatoly Shcharanskiy, falsely accused of espionage in an attempt to intimidate the Jewish emigration movement. Orlov was sentenced on May 18, 1978, to 7 years of strict-regimen camp and 5 years of exile. Shcharanskiy was sentenced on July 14, 1978, to 3 years in prison and 10 years of strict-regimen labor camp. Members of the other groups I have mentioned met similar fates. In the Ukraine and Lithuania, Mykola Rudenko and Viktoras Petkus were also sentenced to long prison terms because they sought fulfillment of Final Act commitments. All those who are free have the inescapable duty to speak out on their behalf and on behalf of the many others.

Finally, I speak now of a gentle and compassionate humanist, a man who has devoted his life to helping the poor and the oppressed. Listen to his words.

> Despite all that has happened, I feel that the questions of war and peace and disarmament are so crucial that they must be given absolute priority even in the most difficult circumstances. It is imperative that all possible means be used to solve these questions and to lay the groundwork for further progress. Most urgent of all are steps to avert a nuclear war, which is the greatest peril confronting the modern world.

Could anyone disagree with those words? Can we not all unite around the thought they express? Do we not all recognize that this thought goes right to the heart of the deepest needs and yearnings of mankind? On January 22 of this year [1980], the author of those words was exiled to the closed city of Gorky in the Soviet Union. When Andrei Sakharov was banished, some of our best hopes for a spirit of security and cooperation in Europe were banished with him.

There are those who charge that incidents such as these prove the worthlessness of the Final Act. My government strongly disagrees. The fact that a principle has been violated does not make that principle less valid, or reduce our obligation to seek fuller implementation of the Final Act. In that spirit, the United States will make every effort, within the context of the Final Act, to help create a more secure, a freer, and a better life for the 1 billion people who live within the borders of the states represented here. But CSCE will provide the means to this end only if its provisions are taken seriously and are seen to be taken seriously by our citizens. Therefore, my country will continue to speak out, in specific terms, against abuses of human rights. We call on all of you to do the same and to recognize that we cannot expect our citizens to have faith in future commitments if past commitments are ignored.

Our expectations for the present meeting are modest. The events I have mentioned have created an international climate which is not conducive to ambitious steps in the areas covered by the Final Act. It would be idle to pretend that CSCE can somehow be insulated from the overall state of East-West relations. Indeed, such a pretense could only diminish the importance of the commitments undertaken at Helsinki.

But we do see some possibility of progress. For example, we and our allies have been doing intensive work to develop confidence-building measures which will be militarily significant, verifiable, and applicable to the whole of Europe. We hope that our consideration of such measures at this meeting will point the way toward a more secure future for us all. We are fully prepared to join with you in seeking to realize the full potential of confidence-building measures—we ask only that we concentrate on concrete steps and avoid empty declarations.

Conclusion

President Carter has asked me to give you the following message—he extends his warmest greetings to the delegates to this historic review meeting. For the President, CSCE is a unique and valuable forum which unites all the nations of Europe, the United States, and Canada, in a common effort to rid the world of artificial barriers to the free exercise of human rights and to the free movement of people and ideas across international boundaries. It is his firm conviction that it must be our common goal to preserve and enhance the Helsinki process toward the day when its provisions are fully implemented and true security and cooperation among our nations have finally been achieved. ■

Poland

PRESIDENT'S STATEMENT, DEC. 3, 1980[1]

The United States is watching with growing concern the unprecedented buildup of Soviet forces along the Polish border and the closing of certain frontier regions along the border. The United States has also taken note of Soviet references to alleged "anti-Socialist" forces within Poland. We

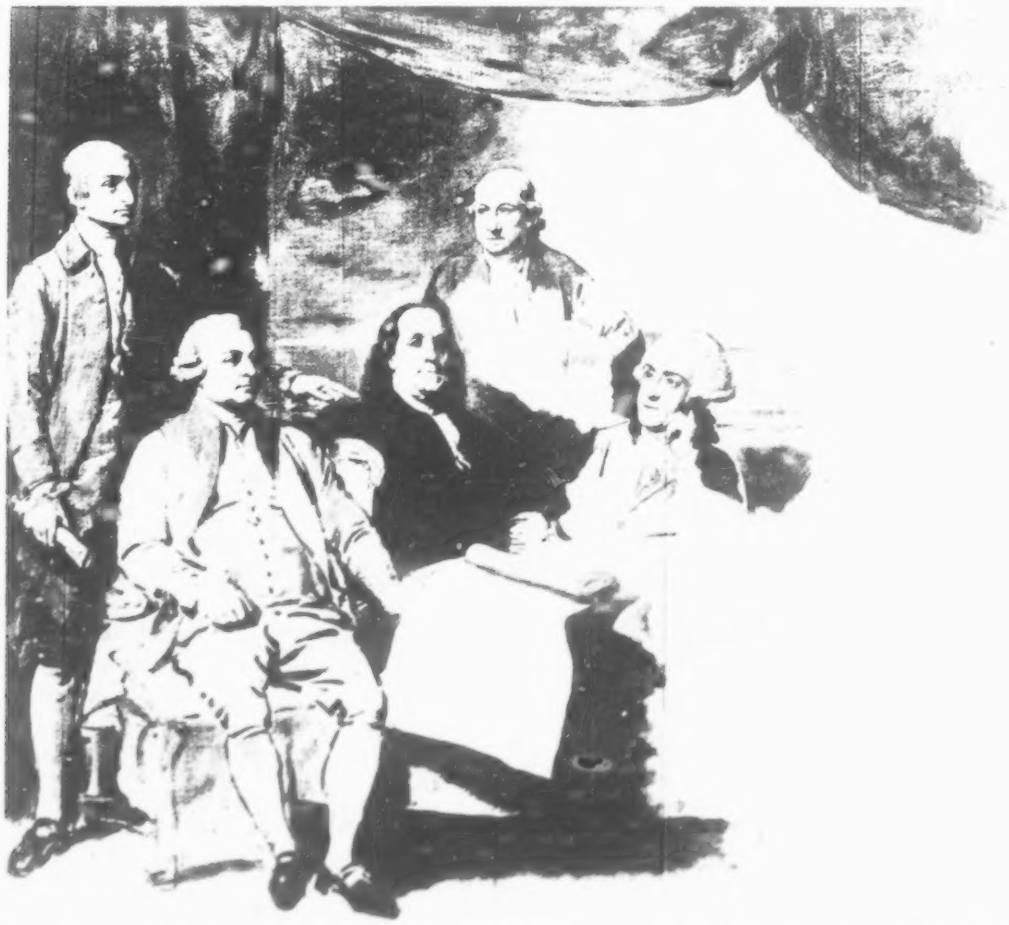
A Short History of the U.S. Department of State, 1781–1981

The Early Years, 1781–1823

by David F. Trask
with the assistance of
David M. Baehler
and Evan M. Duncan

The United States Department of State traces its origin to the "Department of Foreign Affairs" created by Congress on January 10, 1781. Six years had passed since the 13 seaboard Colonies—now formed into the United States—had begun their rebellion against the authority of Great Britain. Congress believed that they had earned themselves "a place among the rising potentates of Europe" and felt the need to cultivate "a friendly correspondence and connection with foreign countries."

The need for diplomacy was apparent from the start. Given the overwhelming military strength of Great Britain, the United States could hope to gain independence only if it attracted support of other countries, especially France and Spain. In 1775 Congress established the Committee of Secret Correspondence to communicate with prospective supporters abroad and sent emissaries to other governments. Benjamin Franklin



This unfinished sketch by Benjamin West of the signing of the Preliminary Articles of Peace between the United States and Great Britain on November 30, 1782, in Paris ending the American Revolution shows (left to right) John Jay, John Adams, Benjamin Franklin, Henry Laurens, and W. Temple Franklin (grandson of Benjamin Franklin and Secretary of the American Commission). The British Commissioner and his secretary never appeared at West's studio. This sketch now hangs in the John Quincy Admas State Drawing Room at the Department of State. (Department of State photo)

A Most Undiplomatic Diplomat

Pierre Soule of Louisiana, a naturalized citizen of French extraction, was sent to Spain as the American Minister in 1853. The principal issue in U.S.-Spanish relations at the time was the future of Cuba. Soule sympathized strongly with those who wished to annex Cuba, a course of action that would provide territory in which slavery could prosper. Before Soule went to Spain, he made a strong pro-annexationist speech in New York, a serious diplomatic indiscretion that prejudiced his mission before it had begun. To add insult to injury, upon his arrival in Spain, he made an impertinent speech to the throne. The Spanish Government requested its revision before accepting it.

Soule further compromised his mission when, to avenge an alleged insult to his wife, he fought a duel with the French envoy in Madrid, the Marquis de Turgot. A bullet from Soule's weapon lamed the Marquis for life.

When Spanish authorities seized an American steamer, the *Black Warrior*, in Cuban waters, Soule immediately demanded that Spain pay an indemnity of $300,000 and dismiss the responsible officials within 48 hours. The Spanish Government rebuffed these demands, choosing to deal with the ship's owners rather than the U.S. Government.

Soule's most famous diplomatic enterprise was the drafting of the Ostend Manifesto. This document stemmed from Soule's meeting with the American Ministers to Britain and France in October 1854. Soule's despatch to Secretary of State William L. Marcy recommended an attempt to purchase Cuba from Spain for up to $120 million. What if Spain refused to sell? "Then," the message stated, "by every law, human and divine, we shall be justified in wresting it from Spain if we possess the power."

When this bellicose message was made public, it aroused great criticism in Europe and the United States. Opponents of slavery unequivocally opposed acquiring Cuba under any circumstances. Marcy then rejected Soule's message and instructed him to continue negotiations for the purchase of Cuba. Soule, correctly assuming that his usefulness in Spain was at an end, submitted his resignation, bringing to an end one of the stormiest diplomatic tours in the annals of the Department of State.

service that is more emphatically useless than the diplomatic service—none in the world."

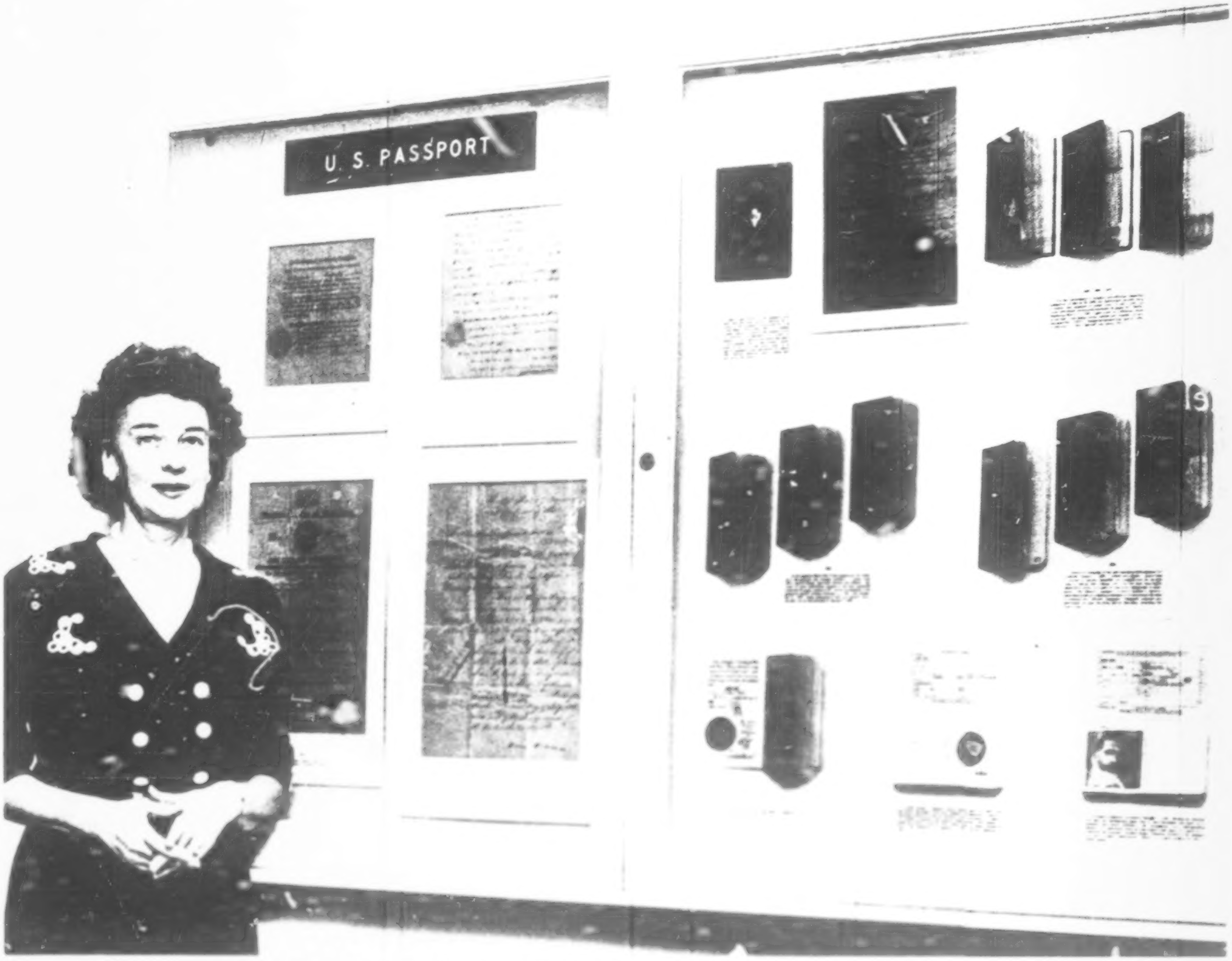
The practice of the "spoils system"—the award of government appointments in return for political support—reinforced the proclivity to undervalue the Department of State and the foreign services. President Andrew Jackson believed that "the duties of public officers are . . . so plain and simple that men of intelligence may readily qualify themselves for their performance. . . . More is lost by the long continuance of men in office than is generally to be gained by their experience." This view helped to perpetuate amateurism in all aspects of government. The egalitarian celebration of the common man sometimes worked against efforts to improve the quality and status of those who conducted foreign relations.

The growth of the Department and its overseas missions during the years from 1830 to 1860 roughly paralleled the increase of the general population. The Department of State, which moved to the District of Columbia in 1800, was housed from 1819 to 1866 in the Northeast Executive Building located near the White House on Pennsylvania Avenue. Only four regular clerks were added to the Department between 1818 and 1845 to cope with an expanded workload. In 1856 the Department consisted of 30 officers and 27 supporting personnel, and in 1860 the foreign services employed only 281 people. Congress did not authorize the appointment of an assistant secretary of state until 1833. A second assistant secretary was permitted in 1866. The strains of office, including domestic political criticism, imposed great burdens on most Secretaries of State. One of them, John Clayton of Delaware, who served President Zachary Taylor in 1849–50, noted the consequences. "The situation I have filled was . . . more difficult, more thorny and more liable to misrepresentation and calumny than any other in the world, as I verily believe."

The difficulties of those who conducted the nation's foreign relations led one of President Jackson's Secretaries of State, Louis McLane of Delaware, to undertake the first general reorganization of the Department since 1789. In 1833 McLane converted the Chief Clerk into an administrator with broad responsibilities for the everyday direction of the Department. He also set up a bureau system to permit orderly discharge of business. Seven such units were established, of which the two most important were the Diplomatic Bureau and the Consular Bureau. In the Diplomatic Bureau three clerks managed correspondence with the overseas missions. One took responsibility for England, France, Russia, and the Netherlands. Another dealt with the rest of Europe, the Mediterranean, Asia, and Africa. A third communicated with the Americas. The five other bureaus covered domestic affairs—translation; archives, laws, and commissions; pardons, remissions, copyrights, and library; disbursing; and superintending.

The number of overseas missions increased from 15 in 1830 to 33 in 1860. Most were located in Europe or Latin America, although the begin-

The U.S. Passport



Frances G. Knight was Director of the Passport Office from 1955 to 1977. (Department of State photo)

The term "passport" derives from the French words *passer*, to enter or leave, and *port*, a port. It literally means a permit to leave a country. Issuance of passports and travel documents was first mentioned as a function of the Department of Foreign Affairs in 1782. The Department of State did not receive exclusive authority to issue passports until 1856. Prior to that date, governors, mayors, and even notaries public were known to issue passports. During the 19th century, the U.S. Government only required travelers to obtain passports in wartime. They would not be required of all travelers until 1914.

The earliest surviving U.S. passport was issued in France by Benjamin Franklin, Arthur Lee, and John Adams to W. D. Cheevert, David Sears, and their servants on December 27, 1778, for travel to Holland. During the 1790s many passports were issued collectively to merchant ships and their crews.

An interesting variation of this type was issued in 1796 to ships bound for the Mediterranean. The top portion was detachable in a scalloped pattern and was forwarded to Algiers for distribution to Algerian captains. If an American ship was stopped, its captain was supposed to produce the lower section of the passport and match it with the upper section. The ship would then be allowed to proceed.

The pasport function is the activity of the Department that the general public is most likely to encounter. There are passport agencies in Washington and 13 other major cities employing 649 persons. During fiscal year 1980, 3,045,041 passports were issued and over 14.6 million valid passports are in circulation today.

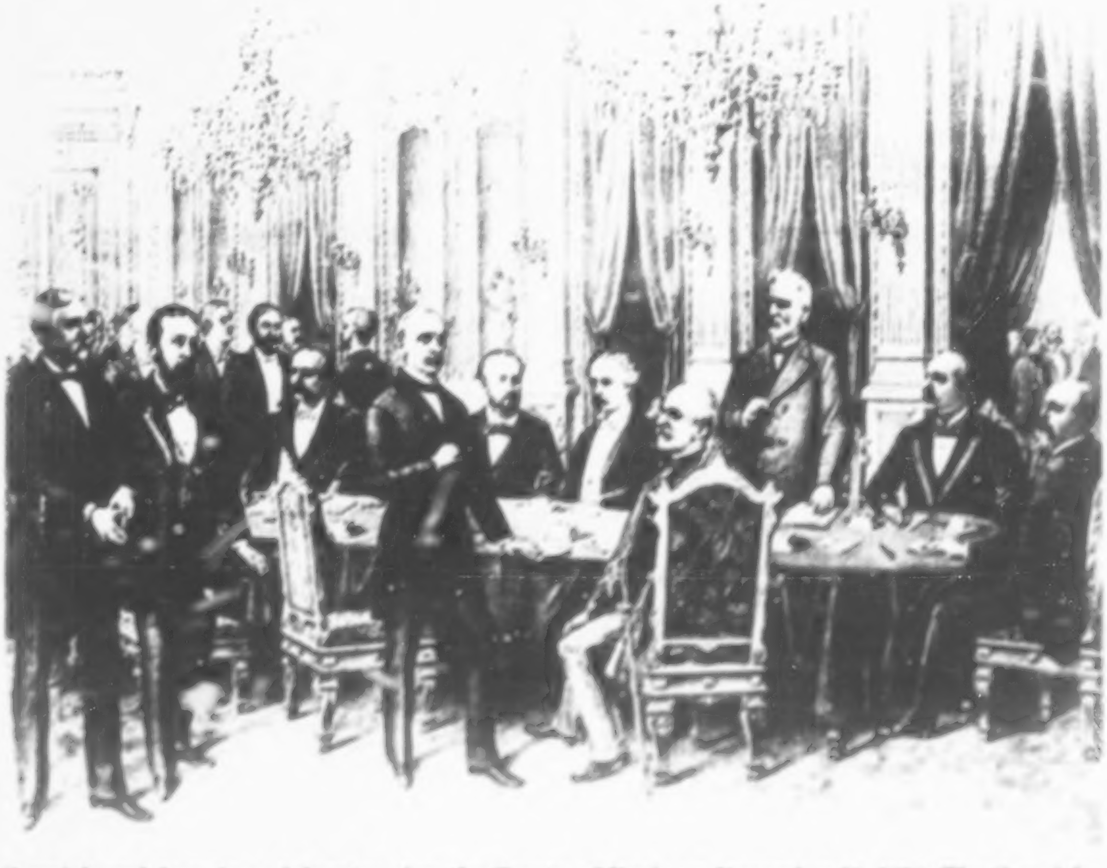
This striking rise in international status portended comparable shifts in foreign policy. President William McKinley drew attention to the new situation in the instructions he gave to the delegation of American statesmen who negotiated the Treaty of Paris with Spain. "We cannot be unmindful that without any desire or design on our part the war has brought us new duties and responsibilities which we must meet and discharge as becomes a great nation on whose growth and career from the beginning the Ruler of Nations has plainly written the high command and pledge of civilization." Another contemporary observer, George L. Rives, extended this interpretation. "Whether we like it or not," he wrote, "it is plain that the country is now entering into a period in its history in which it will necessarily be brought into far closer and more complex relations with all the other great Powers of the world," an outcome that would outmode established foreign policy. "We shall now and henceforth be looked upon as having cast aside our traditional attitude of isolation."

During the 16 years between the brief war with Spain in 1898 and the outbreak of the First World War in 1914, the United States greatly enlarged its role in world politics. The nation measurably altered its posture toward the areas that it had penetrated in 1898—the Caribbean-Latin American and Pacific-East Asian regions—and thereby added significantly to the burdens of the Department of State.

Latin American policy involved an imposing revision of the Monroe Doctrine. Throughout the 19th century the Monroe Doctrine was aimed primarily at European powers, which were warned to avoid further colonization in the New World. It did not imply the right to intervene in the affairs of Latin American nations. President Theodore Roosevelt, reacting to concern that certain European nations might be able to penetrate Latin America by the device of collecting debts that certain nations had repudiated, asserted a policy in 1904 that became known as the Roosevelt Corollary to the Monroe Doctrine. No Latin American nation that adhered to acceptable international standards of behavior, he said, need fear intervention by the United States. But what about less scrupulous countries? "Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, require intervention by some civilized nation." Moreover, he continued, "in the western hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power." This pronouncement led to a series of interventions in the Caribbean-Latin

Olney's Fiat

In 1895 Secretary of State Richard Olney addressed a diplomatic despatch to London for communication to the British Government concerning a boundary dispute between Great Britain and Venezuela. This message gave early indication, even before the war with Spain in 1898, that the United States was moving toward a new assertiveness in international politics on the basis of its rise to great-power status. Olney's note offered a stirring defense of the Monroe Doctrine. "Today the United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interposition. Why? It is not because of the pure friendship or good will felt for it. It is not simply by reason of its high character as a civilized state, nor because wisdom and justice and equity are the invariable characteristics of the dealings of the United States. It is because, in addition to all other grounds, its infinite resources combined with its isolated position render it master of the situation and practically invulnerable as against any or all other powers."



Spanish and American delegates sign the Treaty of Paris on December 10, 1898. The Spanish Empire in the New World came to an end, and the United States acquired an overseas empire and took its place among the great powers. (Library of Congress photo)

American region that greatly enlarged the U.S. presence there and added to the workload of the Department of State.

Meanwhile, the acquisition of the Philippines triggered the development of a new American policy for East Asia. As the United States gained a foothold in the region, European incursions in China threatened to cut off access to that vast country, just when Americans hoped to create a great trade in Chinese markets. Accordingly, Secretary of State John Hay of Ohio proposed in 1899 that nations interested in China should "enjoy perfect equality of treatment for navigation," that is, maintain the principle of free trade—the "open door." In 1900 Hay extended the open-door policy to include respect for the territorial and administrative integrity of China. This commitment to the open-door policy led the United States by degrees into much expanded participation in the activities of East Asia, another source of additional responsibilities for the Department of State.

These extraordinary additions to the international political commitments of the United States including fostered many internal changes in the Department of State and its overseas establishments. The foreign policy community grew at a rapid rate. The Department was thoroughly reorganized to meet its new responsibilities, and important steps were taken toward the development of professional, democratic foreign services.

The Department of State expanded considerably during the years between the war with Spain and the First World War. When Hay became Secretary of State in 1898 the Department met a domestic payroll of 82 people; by 1905, when Elihu Root of New York succeeded Hay, the number had risen only to 119, but at the end of 1910, during the Secretaryship of Philander C. Knox of Pennsylvania, the payroll had advanced to 234. The Diplomatic Service grew modestly from 93 people in 1900 to 121 in 1914.

Expansion required a considerable increase in the annual budget. The expenditures of the Department at home and overseas increased from $3.4 million in 1900 to $4.[illegible] million in 1910. The Consular Service experienced a particularly significant addition to its workload. The annual total of fees collected rose from $533,000 in 1898 to 1.6 million in 1916. This threefold jump reflected an expansion in the nation's foreign trade from $1.8 billion to $3 billion during the same period.

The growing responsibilities of the Department of State forced a thorough reorganization in 1909. The reformer, Assistant Secretary of State Francis M. Huntington Wilson, succeeded in enlarging the number of leadership positions so that thereafter the Department had three Assistant Secretaries of State, a Counselor to undertake special assignments, and a Director to administer the Consular Service. Lines of authority were clarified, permitting senior managers to make better use of personnel. Most important, however, was the creation of bureaus to deal with four distinct geographic regions—Western Europe, the Near East, the Far East, and Latin America—a move that fostered improved communication between the Department and the overseas missions. Several other bureaus and divisions were created to deal with various new responsibilities, notably a Bureau of Trade Relations and a Division of Information. A number of talented foreign service officers were brought to Washington to staff the new geographic bureaus, adding a much-needed leaven of experience.

Although the expansion and reorganization of the Department constituted striking departures, the most distinctive feature of the early 20th century was a strong movement toward fully professionalized and democratic foreign services. The transformation in American foreign relations that began at the end of the 19th century forced the nation to recognize that it paid dearly for amateurism in the conduct of foreign policy. One critic summed up the need for expertise in an article published in 1897: "As we would not put a ship into the hands of a commander ignorant of navigation, an army under the control of a general without military training, a suit at law into the hands of a counsel who never opened a law book . . . so we should not put the foreign affairs of our government into the hands of men without knowledge of the various subjects which go to make up the diplomatic science." Given the changed circumstances, President Theodore Roosevelt emphasized the necessity to upgrade performance: "The trouble with our ambassadors in stations of real importance," he told a

"Father of the Foreign Service"

Wilbur J. Carr (1870–1942) was born in Ohio and entered the Department of State as a clerk in 1892. He became Chief of the Consular Bureau in 1902, Chief Clerk in 1907, and served as Director of the Consular Service from 1909 to 1924. A believer in scientific management and administrative efficiency, Carr took pride in having brought Consular Service operations "as near to perfection as possible." He strove to extend professionalism and merit to all aspects of the Department, working for passage of the 1906 Consular Reorganization Act and helping to draft the Rogers Act.

Carr served as Assistant Secretary of State from 1924 to 1937. His duties included those of Chairman of the Board of Foreign Service Personnel and Budget Officer of the Department, a combination which allowed him to administer the transition from separate Diplomatic and Consular Services to a unified professional Foreign Service. His last assignment was Ambassador to Czechoslovakia from 1937 until the German occupation in 1939. "The Father of the Foreign Service" then retired from the Department, having served for 45 years under 17 Secretaries of State.

embarrassments. One journalist summarized the situation aptly: "Notwithstanding the personal prestige of the Secretary of State [Hull], the organization he heads has only to be mentioned in almost any circle, American or foreign, to arouse either doubt, despair, or derision." Stettinius' reorganization marked the dividing line between the old Department of State and the present agency. He began the process of making adjustments to insure that the Department would participate effectively in shaping the nation's foreign relations during the difficult postwar era that lay ahead.

Stettinius concentrated on certain key deficiencies of the Department, particularly unsound division of responsibility for certain important functions, inadequate means of obtaining and disseminating information, and ineffective long-range planning. On December 20, 1944, shortly after Stettinius succeeded Hull as Secretary of State, he issued Department Order 1301, which concentrated similar functions in the same office and related offices under a senior official, either the Under Secretary or one of six Assistant Secretaries.

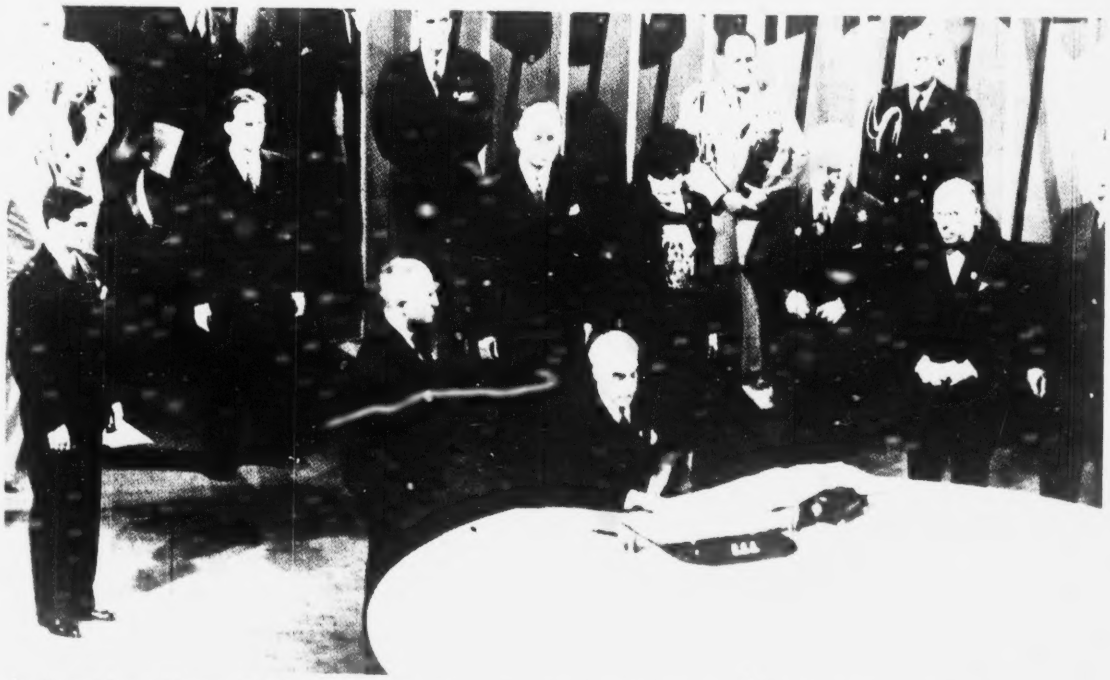
To coordinate the work of the Department, insure follow-through, and conduct long-range planning, Order 1301 created several new organizations. A Staff Committee consisting of the Secretary and his principal subordinates became the chief managerial group. The task of making initial investigations of policy matters and controlling interoffice projects was given to a Coordinating Committee. A Joint Secretariat was charged with monitoring Department activity to insure efficient action on decisions. Finally a Policy Committee and a Committee on Postwar Problems were created to undertake long-range planning.

Secretary Stettinius also recognized the need to improve the management of functions that overlapped the jurisdictions of the traditional geographic bureaus. New bureaus were set up to deal with trade relations, cultural diplomacy, and public information. Another important functional organization came into being in September 1945—the Interim Research and Intelligence Service, the forerunner of the present-day Bureau of Intelligence and Research. These innovations minimized fragmentation of jurisdiction that so frequently immobilized the Department when quick decisions were required in a crisis.

Certain other steps that continued the modernization of the Department were taken during the service of Secretary of State James F. Byrnes of South Carolina, who succeeded Stettinius in July 1945, shortly after Harry S. Truman became President. The most important activity was to gather several temporary wartime organizations into the permanent structure of the Department, especially those that dealt with international economic affairs. In August 1946 the Department created an Under Secretary for Economic Affairs. This official teamed with an existing Assistant Secretary for Economic Affairs to supervise economic activities and to establish effective relations with certain international institutions such as the International Bank for Reconstruction and Development, the International Monetary Fund, and the Food and Agriculture Organization.

To modernize personnel practices, Congress passed the Foreign Service Act of 1946, which became law on August 13, 1946. It was intended to "improve, strengthen, and expand the Foreign Service . . . and to consolidate and revise the laws relating to its administration." To improve the administration of the Foreign Service, the act of 1946 established a Director General and a Board of the Foreign Service, and to maintain the principle of competitive entrance it set up a Board of Examiners. It also provided for improvements in assignments policy, promotion procedures, allowances and benefits, home leave, and the retirement system. Recognizing the growing importance of expertise in certain critical areas, it created the Foreign Service Reserve for people needed in specialist categories such as lawyers, doctors, economists, and intelligence analysts. Finally the act converted the Foreign Service School into the modern Foreign Service Institute to offer advanced training for Foreign Service officers in subjects of particular importance to the Department.

The new Department of State emerged from World War II better prepared to play a leading role in the foreign policy process and fully aware that the tasks ahead loomed more difficult than any encountered in earlier years. In July 1945, Secretary Byrnes recognized the extent of the postwar challenge. "Today there is no doubt that the people of this war-ravaged Earth want to live in a free and peaceful world. The supreme task of statesmanship in the world over is to help them understand that they can have peace and freedom only if they tolerate and respect the rights of others to opinions, feelings, and way of life which they do not and cannot share."



As President Harry S. Truman watches, Secretary of State Edward R. Stettinius, Jr., signs the United Nations Charter in San Francisco on June 26, 1945. (Department of State photo)

The Age of Global Leadership, 1947–Present

In April 1947 the Department of State occupied new quarters located in a section of Washington, D.C., known as Foggy Bottom. This move coincided with one of the most striking departures in the history of American foreign relations. The United States and the Soviet Union, allies during the Second World War, had emerged from that conflict as the sole world powers. By 1947 efforts to maintain cooperation had broken down. President Harry S. Truman, working closely with two Secretaries of State, George C. Marshall of Pennsylvania and Dean G. Acheson of Maryland, took decisive steps to preclude Soviet aggression against regions in which the United States had vital interests.

A leading expert on Soviet affairs in the Department of State, George F. Kennan (soon to become head of the Policy Planning Staff), developed the intellectual basis for what became known as the policy of "containment." Kennan concluded that "the main element of any United States policy toward the Soviet Union must be that of a long-term patient but firm and vigilant containment of Russian expansive tendencies." This concept inspired a series of successful initiatives undertaken from 1947 to 1950 in which the Department of State played a leading role.

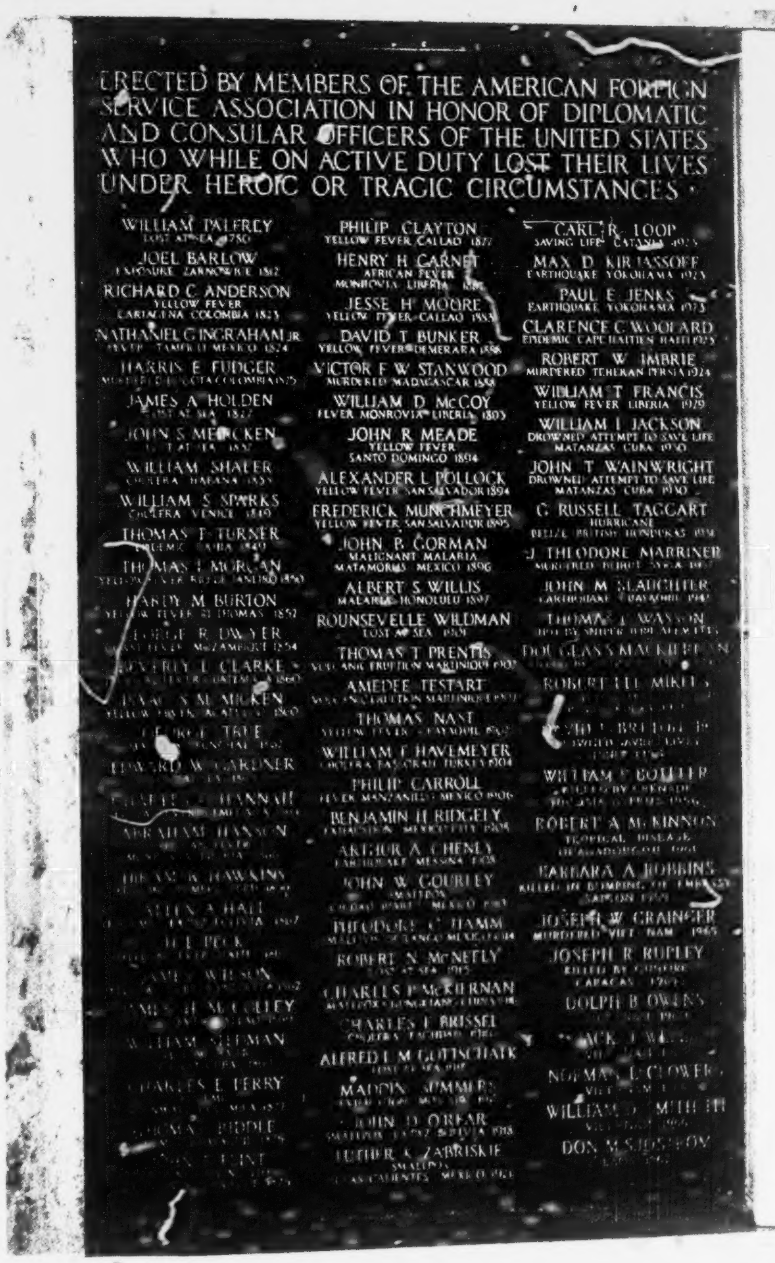
The first step was the "Truman Doctrine" of March 1947. Reacting to fear that Greece and Turkey might fall victim to subversion for lack of support from friendly nations, President Truman asked Congress to authorize $400 million in emergency assistance to the two nations. To justify this course he stated: "I believe we must assist free peoples to work out their destinies in their own way." The key to preventing overthrow of free nations was to attack the conditions of "misery and want" that nurtured totalitarianism.

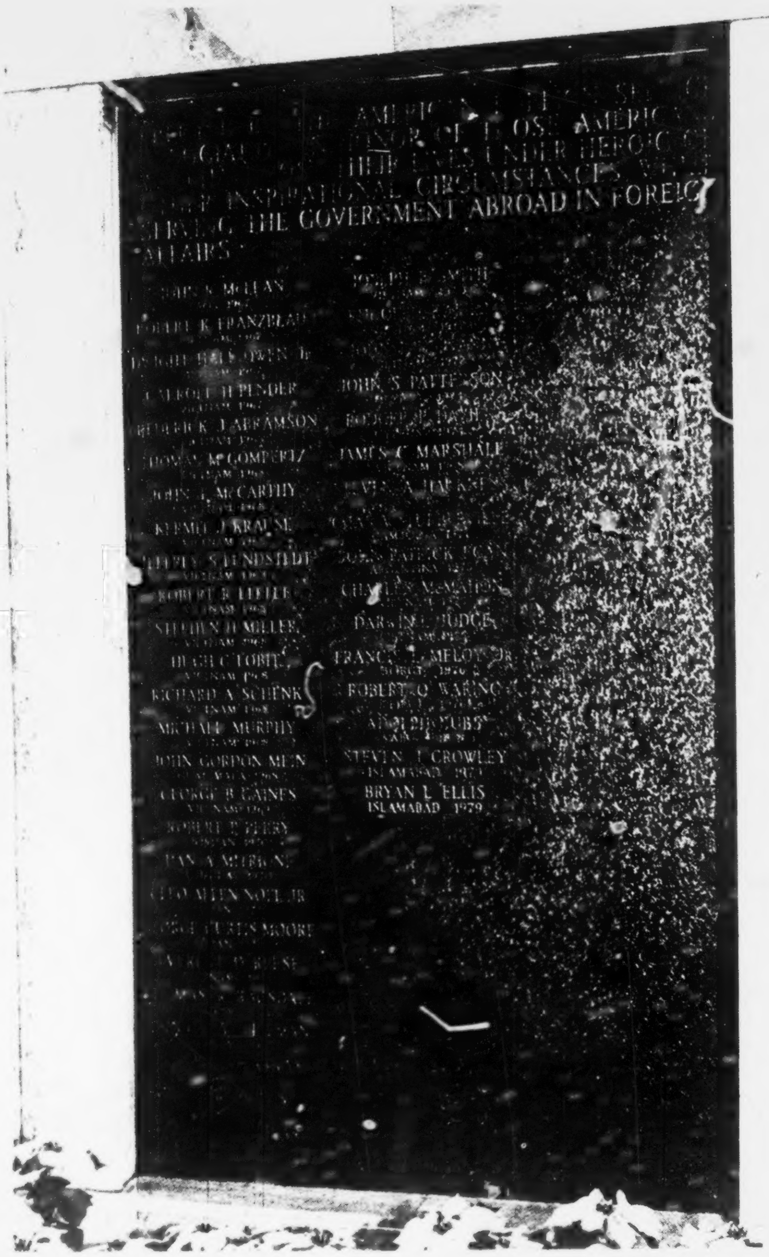
Very soon this general idea was applied to Western Europe. In June 1947, Secretary Marshall proposed the extension of massive economic assistance to the devastated nations of Europe, saying that the policy of the United States was not directed "against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the existence of political and social conditions in which free institutions can exist." Congress later authorized the European Recovery Program, better known as the Marshall plan. An investment of about $13 billion in Europe during the next few years resulted in an extraordinarily rapid and durable reconstruction of Western Europe.

Secretary of State George C. Marshall (1947–49) proposed the European recovery program, better known as the Marshall plan. (Department of State photo)

It soon became apparent that there must be a political-military dimension to the policy of containment. In June 1948, Senator Arthur H. Vandenberg of Michigan, a strong proponent of bipartisan foreign policy, sponsored a resolution in the Senate that set the nation's course. It called for "progressive development of regional and other collective arrangements for individual and

In the Line of Duty


ERECTED BY MEMBERS OF THE AMERICAN FOREIGN SERVICE ASSOCIATION IN HONOR OF DIPLOMATIC AND CONSULAR OFFICERS OF THE UNITED STATES WHO WHILE ON ACTIVE DUTY LOST THEIR LIVES UNDER HEROIC OR TRAGIC CIRCUMSTANCES


INSPIRATIONAL CIRCUMSTANCES
SERVING THE GOVERNMENT ABROAD IN FOREIGN AFFAIRS

Diplomatic service is not normally considered a hazardous profession. Nevertheless over 100 Americans have died or been killed while on active duty with the Foreign Service. Some fell victim to tropical disease, earthquakes, or volcanic eruptions; many others died a hero's death in the midst of war, while saving lives, or at the hands of assassins.

To honor those who lost their lives "under heroic or tragic circumstances," the American Foreign Service Association in 1933 dedicated a plaque. Among the names . . .

William Palfrey, lost at sea, 1780
Abraham Hanson, African fever, Liberia, 1866
John F. Flint, drowned saving life, El Salvador, 1875
Victor F. W. Stanwood, murdered, Madagascar, 1888
Maddin Summers, exhaustion, Moscow, 1918
Douglass MacKiernan, killed by gunfire, Tibet, 1950
Barbara A. Robbins, killed in bombing of Embassy, Vietnam, 1965

That plaque, and a second one unveiled in 1973, are in the diplomatic lobby of the Department of State. In recent years, the names of those who have died of disease contracted at tropical posts have not been added. Yet the list continues to grow . . .

Ambassador John Gordon Mein, assassinated, Guatemala, 1968
John Paul Vann, killed in a helicopter in a night battle, Vietnam, 1972
Ambassador Cleo A. Noel, Jr., and George Curtis Moore, murdered while held hostage, Sudan, 1973
John S. Patterson, murdered while held by kidnappers, Mexico, 1974
Ambassador Rodger P. Davies, killed by sniper fire during mob attack on Embassy, Cyprus, 1974
Ambassador Francis E. Meloy, Jr., and Counselor Robert O. Waring, murdered en route to an appointment with the President-elect, Lebanon, 1976
Ambassador Adolph Dubs, killed while being held hostage, Afghanistan, 1979
CWO Bryan L. Ellis (U.S. Army) and Cpl. Stephen J. Crowley (USMC), killed during an attempted mob takeover of the Embassy, Pakistan, 1979.

Secretary of State Cyrus R. Vance joins members of the Iran Working Group in the Department's Operations Center following the seizure of the U.S. Embassy in Tehran. (Department of State photo)

Charge d'Affaires L. Bruce Laingen (right) presents a valor award for "outstanding performance and bravery . . . in support of U.S. interests and citizens, December 1978 to February 1979" to Foreign Service officer Michael Metrinko in July 1979 in Tehran. Both Laingen and Metrinko are among the 52 Americans held hostage in Iran as of publication date. (Department of State photo)

After two centuries the Department of State—its offices and its people—comprises one of the world's nerve centers of human affairs. During the earliest days of the Republic, it made indispensable contributions to the preservation of our independence. Throughout the 19th century, as the United States changed gradually into a great power, the Department loyally supported the foreign policies associated with isolation, neutrality, and expansion. Across the 20th century, as Americans came to accept the responsibilities of leadership, the Department, like the nation it serves, has experienced remarkable growth in size, influence, and function.

Every era has its agenda of challenge, danger, and opportunity. Entering its third century, the Department of State must struggle with the problems of nuclear weapons, population explosion, depletion of natural resources, and the seemingly unmanageable acceleration of technological, social, and political change.

For two centuries the men and women of the Department have chosen this form of public service because they are deeply committed to the search for solutions to the problems of tomorrow. Throughout the world they daily face the threat of disease, terrorism, war, kidnapping, and death. Along with these hazards come the normal demands of day-to-day problemsolving, decisionmaking, and coping with life at home or abroad. All things considered the people of the United States have been well served.

David F. Trask was born in Erie, Pennsylvania, in 1929. He received a B.A. degree from Wesleyan University (1951) and A.M. and Ph.D. degrees from Harvard in 1952 and 1958. He served in the U.S. Army (1952–54) and from 1955 to 1966 was an instructor or assistant professor at Boston University, Wesleyan University, and the University of Nebraska. Dr. Trask was professor of history at the State University of New York from 1966 until May 1976, when he became Historian of the Department of State.

Dr. Trask is a member of the American Historical Association, the Organization of American Historians, the Society for Historians of American Foreign Relations, the National Council on Public History, and Phi Beta Kappa. He is also the Department of State's representative on the National Historical Publications and Records Commission.

His major publications are *The United States in the Supreme War Council: American War Aims and Inter-Allied Strategy, 1917–1918* (1961), *General Tasker Howard Bliss and the "Sessions of the World," 1919* (1966), *Victory Without Peace: American Foreign Relations in the 20th Century* (1968), *World War I at Home* (1970), *Captains and Cabinets: Anglo-American Naval Relations, 1917–1918* (1972). He is the coauthor of *The Ordeal of World Power* (1975) and the coeditor of *A Bibliography of United States-Latin American Relations Since 1810* (1970).

Milestones of American Diplomacy

1778
Treaty of alliance with France, engineered by Benjamin Franklin, enabled the fledgling republic to continue its struggle for independence.

1783
Treaty of Paris—Great Britain recognized American independence and control over western lands as far as the Mississippi.

1783–86
First U.S. treaties of friendship and commerce—with France, Great Britain, Netherlands, Prussia, and Sweden—established U.S. tradition of nondiscrimination in foreign trade.

1795
Jay's treaty required Great Britain to remove troops from northwestern frontier; Pinckney's treaty with Spain opened mouth of Mississippi River to U.S. navigation.

1800
Treaty of Mortefontaine settled the 2-year undeclared naval war with France and put an end to the alliance.

1801
Jefferson, in first inaugural address, summarized U.S. policy as "peace, commerce, and honest friendship with all nations, entangling alliances with none."

1803
Louisiana Purchase removed foreign control of Mississippi's mouth and doubled U.S. territory.

1814
Treaty of Ghent ending War of 1812 provided means to settle remaining territorial disputes with Great Britain.

1819
Adams-Onis treaty with Spain, transferring Florida, extended the U.S. to present boundaries in southeast.

1823
Monroe Doctrine established U.S. policy of opposing European intervention or new colonization in Western Hemisphere.

1842
Webster-Ashburton treaty with Great Britain delimited northeastern U.S. (Maine) boundary.

1844
Treaty of Wang-hsia, first U.S.-Chinese agreement, granted U.S. commercial privileges and extraterritorial jurisdiction over Americans.

1846
Oregon treaty with Great Britain extended U.S. sole dominion to the Pacific.

1848
Treaty of Guadalupe-Hidalgo, ending 1846–48 war with Mexico, confirmed U.S. claim to Texas and completed U.S. expansion to Pacific.

1858
Harris treaty first opened Japan to unsupervised foreign commerce.

1867
Alaska purchase ended Russian territorial presence and completed U.S. expansion on North American mainland.

1889
First International American Congress initiated system of collaboration among Western Hemisphere republics.

1898
Treaty of Paris, at end of Spanish-American War, gave United States Puerto Rico, Guam, and Philippines, expanding U.S. power into the Pacific.

1903
Hay-Bunau-Varilla treaty conveyed to the U.S. the Panama Canal Zone.

1918
Allies and Germany accepted Wilson's 14 points as basis for just and lasting peace ending World War I.

1920
U.S. Senate rejected Treaty of Versailles with Germany, thus keeping the U.S. out of the League of Nations.

1934
Trade Agreements Act launched program of reciprocal tariff reduction leading to world efforts for trade liberalization after World War II.

1941
Atlantic Charter, joint declaration by President Roosevelt and Prime Minister Churchill 4 months before U.S. entered World War II, laid down principles of peace later adopted by United Nations—self-determination, economic cooperation, social progress, and disarmament.

1945
U.S. and 50 other countries founded the United Nations.

1947
U.S. and 22 other nations established the General Agreement on Tariffs and Trade (GATT) and completed first round of talks reducing world trade barriers.

1947
Truman Doctrine asserted U.S. policy of containing Soviet expansion through economic and military aid to threatened countries.

1947
Inter-American Treaty of Reciprocal Assistance (Rio treaty) committed the U.S. and Latin American republics to aid one another to resist military aggression.

1947
Marshall plan of aid to Europe set foundation for economic cooperation among industrial democracies.

1948
Ninth International Conference of American States created the Organization of American States (OAS) to intensify U.S. and Latin American collaboration in all fields.

1949
NATO, first U.S. alliance concluded in peacetime, provided integrated force for defense of Western Europe and North America.

1950
U.N. General Assembly Uniting for Peace Resolution, presented by the U.S., gave basis for common action against aggressor in Korea.

1963
Limited Nuclear Test Ban Treaty, first major-power agreement regulating atomic weapons testing, banned explosions in the atmosphere, in outer space, and under water.

1967
Non-Proliferation Treaty, now signed by 110 governments, banned spread of atomic weapons.

1972
Strategic Arms Limitation Talks (SALT) agreements with U.S.S.R. prescribed mutual limitations on defensive and offensive weapons and established SALT as a continuing process.

1972
President Nixon's February visit to China followed Secretary Kissinger's earlier negotiations in Peking, marking first important step in process of normalizing relations with the People's Republic of China.

1973
Paris agreement provided for withdrawal of U.S. troops from Vietnam.

1974-75
Middle East consultations by Secretary of State Kissinger facilitated military disengagement in Arab-Israeli conflict and prepared ground for peace talks between Israel and Egypt.

1979
U.S. established diplomatic relations with the People's Republic of China ending 30 years of nonrecognition.

1979
Israel-Egypt peace treaty ended 30 years of conflict between the two countries and provided possible framework for comprehensive peace in Middle East.

1979
Panama Canal Act returned Canal Zone to Panamanian jurisdiction, leaving canal under U.S. operation through 1999.

1980
Consular convention and three economic agreements completed process of normalizing relations with the People's Republic China.

and would not receive an oil allocation from the IEA.

The implementing arrangements will apply for an initial period of 5 years and additional periods of 3 years for the duration of the MOA (1994 unless extended). Either party could suspend the implementing arrangements at the expiry of any period. This would in no way affect, however, the continued validity of the MOA.

Israel's oil consumption is currently about 160,000 barrels per day, less than 1% of U.S. consumption. Since the initial U.S. oil-supply commitment was made in 1975, Israel has been able to obtain sufficient oil through its own efforts without recourse to the United States, even during periods of tight oil market conditions. Israel is currently meeting all its oil needs, and it is expected that it will continue to be able to do so, but under emergency circumstances, Israel could turn to the United States under the MOA and these implementing arrangements.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 27, 1980.

[2] White House correction.

[3] Made available to news correspondents by Department spokesman John Trattner. ■

Iran Chronology, November 1980

November 1

In a newspaper editorial, hard-line Islamic Republican Party announces it favors release of the hostages before U.S. elections because during this period, the U.S. is "ready to give more concessions," and a new U.S. President "would see no reason to submit to the rights of our nation." The editorial goes on to warn, however, that if conditions are not met, the hostages would remain captive and could possibly be tried for espionage.

November 2

Hostages' 365th day of captivity.

Iran's Parliament approves a report by the seven-member commission endorsing the conditions laid down earlier by Khomeini for freeing the hostages. The commission's report also specifies that the U.S. would not only have to accept the conditions but also carry them out.

November 3

Military captors, with Khomeini's approval, turn jurisdiction of hostages over to the Iranian Government but not the hostages themselves.

November 4

In a message conveyed to the Carter Administration through the Algerian Embassy, the Iranian Government calls for a quick reply by the U.S. to its conditions. U.S. declines the request.

Tens of thousands of Iranians demonstrate in Tehran streets celebrating the 1-year anniversary of the takeover of the U.S. Embassy and capture of the hostages.

November 5

Militant captors state that the hostage crisis is prolonged because of Gov. Reagan's election, but there will be no change in the terms for freeing them. The government also states that the election would have no effect.

Carter Administration officials suggest that the President will agree to conditions if Iranian authorities accept a "narrow interpretation" of the Iranian Parliament's "ambiguous demands."

November 7

Former Foreign Minister Ghotbzadeh is arrested and imprisoned for criticizing the Government's management of the broadcasting system.

Hostages remain in Embassy; Iran Government makes no move to take custody despite earlier announcement.

November 10

Deputy Secretary Christopher and a small delegation depart Washington, D.C., for Algiers carrying the U.S. response to the Iranian Parliament's terms on release of the hostages. While in Algiers, he meets with Algerian Foreign Affairs Minister Benyahia. The Algerian Government agrees to serve as intermediary for the U.S. response and agrees to transmit it to the Iranian Government.

After Ghotbzadeh spends 3 days in prison, Khomeini orders his release.

November 11

Deputy Secretary Christopher departs Algiers for Washington, D.C.

November 13

Iranian official committee studies U.S. reply to its terms but makes no public comment.

November 16

Ayatollah Hashemi Rafsanjani states that the Parliament is "too busy" to discuss the hostage issue further.

November 19

Rafsanjani states that the U.S. has accepted "in principle" Iran's conditions but release of the hostages will be delayed until the demands are actually met.

November 20

U.S. confirms it has accepted, in principle, the four conditions Iran set "as a basis for resolution of the crisis."

November 22

Iran states it wants a "yes or no" answer from the U.S. on conditions set. Ahmad Azizi, public relations director of Prime Minister Rajai, reaffirms that Iran "cannot accept the responses with room for compromise or negotiations or anything like that."

November 23

Algerian delegation arrives in Algiers carrying the Iranian response on hostages.

November 24

Preoccupied with decisions on whether to attend the Arab League meeting in Amman, Algiers delays informing U.S. of Iran's latest stand.

November 25

Algerian intermediaries arrive in Washington, D.C., carrying Iran's reaction to U.S. proposals. Meanwhile, Iranians remain adamant on conditions set.

November 26

At the State Department, Deputy Secretary Christopher, along with some of the members of the delegation who accompanied him to Algiers, meets with the Algerian representatives to transmit and explain the Iranian position and the U.S. response for release of the hostages. While in Iran, the Algerian delegation was assured that the hostages are in good health.

November 27

Hostage discussions continue between Deputy Secretary Christopher and the Algerian delegation.

Militant captors report that hostages have been handed over to the government, but a spokesman for the militants refuses to say when or how the transfer had taken place.

November 28

The report that the hostages have been handed over to the government is denied by another militant captor. An Iranian official states he cannot confirm the report that the hostages have been transferred.

November 29

Militants reassert that hostages have been handed over. ■

International Narcotics Control in the 1980s

by Mathea Falco

Statement before the House Select Committee on Narcotics on September 23, 1980. Ms. Falco is Assistant Secretary for International Narcotics Matters.[1]

The Role of Crop Destruction

The goal of the international narcotics control program since its inception has been, to the extent possible, to prevent illicit narcotics crops from entering the United States. The ideal circumstances would be to eliminate worldwide production of illicit substances, and in the absence of such preventive measures, to secure the destruction of substances grown for the illicit drug market. In our ongoing discussions with other countries, the goal of illicit crop destruction is always a factor. Most countries with whom the United States has narcotics-related bilateral programs have successfully destroying crops to some extent; notably Mexico, but also Burma, Thailand, Pakistan, and Peru.

The key questions for the Department of State this decade will remain how to convince more governments to undertake crop destruction and how to make such crop destruction more effective. Insofar as U.S. foreign policy with respect to marijuana is concerned, the key factor will be consistency between our foreign policy and our domestic policy. Foreign perception of internal indecision on this question, as on any foreign policy issue, makes effective representation abroad more difficult.

New Approaches to International Narcotics Control

International Financial Investigations. While illicit crop destruction should remain a primary goal of our international narcotics policy, we must also try, in the 1980s, to improve international cooperation in interdiction efforts and drug trafficker judicial proceedings. One promising area for improving our ability to detect and apprehend major drug traffickers is through narcotics related financial investigations. International cooperation on criminal money handling will not only facilitate the apprehension and prosecution of drug traffickers but could also lead to legal changes which would make criminal money handling harder. This would increase the costs and reduce the incentives to participate in drug trafficking.

As you know, taking advantage of existing financial techniques has become a major concern of the Department of Justice in domestic narcotics-related investigations. A priority for the Department of State during the 1980s will be to expand international cooperation in applying innovative financial techniques to drug cases where the money involved crosses national borders.

In doing so, there will be several issues underlying the international discussion. The first will be the question of access to foreign records, whether corporate, banking, or tax records. A second related issue for domestic and international discussion will be the question of privacy; that is, access by foreign investigators to U.S. held records. A third area will be increased cooperation in criminal proceedings, both on the question of informant testimony and in the transmission of evidence between countries.

Potential points of focus for discussion and cooperation in this area are numerous.

First, there are bilateral mutual assistance treaties, such as those we have negotiated with the Government of Colombia and other countries.

Second, we can work toward the establishment of international guidelines or agreements, such as those contemplated in the resolution on financial transactions that the United States proposed in the Commission on Narcotics Drugs this year.

There are numerous other opportunities for constructive international dialogue on improved investigative and judicial cooperation in multilateral fora.

(U.N. photo)

Poppies in Thailand—a source of heroin and other narcotic drugs.

Development Assistance. Development assistance will continue to be a critical dimension to international narcotics control in the 1980s. Increasingly, it is evident that a foreign government's ability to undertake effective crop destruction programs is related to the availability of realistic economic alternatives to growers. This is especially the case where illicit narcotics production makes a substantial contribution to the national economy or where narcotics production is a primary means of support for geographically separated ethnic minorities.

Assisted by the legislative efforts of the members of this committee, we have made significant progress in focusing U.S. development assistance in illicit narcotics growing regions. In the future, multilateral lending institutions as well as our own bilateral development agencies must begin to consider the deleterious effects of illicit narcotics production. Lending policies must take into account that the problem is not only for consuming countries but also for the developing, producer countries. Public health and sound economic development are both

President Grover Cleveland signed an Executive order on September 20, 1895, that instituted examinations for consular appointees, a significant step toward professionalization of the Consular Service.

(Department of State photo)

Joining the Diplomatic Service in 1906, Joseph C. Grew served as Minister to Denmark (1920), Switzerland (1921–24), and as Ambassador to Turkey (1927–32) and to Japan 1932–41). He concluded his career as Under Secretary of State (1944–45).

(Department of State photo)

friend, "is that they totally fail to give us real help and real information, and seem to think that the life work of an ambassador is a kind of glorified pink tea party."

Various means of insuring professional and democratic foreign services were available to the Department. Among them were abandonment of the spoils system in favor of guaranteed tenure, adoption of the merit system as the basis for award of pay increases and promotions, selection of foreign service officers by competitive examination, and adequate pay and allowances. All of these practices had been widely publicized earlier as part of the campaign that culminated in the passage of the Civil Service Act in 1883, applicable only to domestic servants of the government. They were equally appropriate for the Diplomatic and Consular Services, and all of them received attention during the first years of the 20th century.

President Grover Cleveland anticipated the reform movement in 1895, when he issued an Executive order that made entrance into the Consular Service contingent upon competitive examination, but the most important steps occurred during the Administrations of Presidents Theodore Roosevelt and William Howard Taft.

In November 1905, President Roosevelt established the merit system for all diplomatic and consular positions, except those of minister and ambassador, along with competitive entrance examinations. In 1906 Secretary Root shepherded a law through Congress that created a grade classification system for consular positions and also to conduct annual inspections of consular establishments. However, this statute did not mention President Roosevelt's examination system or merit promotion; President Roosevelt remedied these omissions by means of another Executive order issued in June 1906. A few years later, in 1909, President Taft set up a board of examiners to administer both oral and written examinations to prospective diplomats.

In 1915 Congress passed the Stone-Flood Act, which permitted appointment of certain diplomatic and consular officers to functional positions, rather than to specific posts in the field. This step permitted reassignment by administrative transfer rather than Presidential appointment.

This sequence of events vastly encouraged the proponents of technical competence in the Diplomatic and Consular Services, although more remained to be done. The movement owed something to the earlier agitation for the creation of a civil service but even more to the spirit of progressivism that swept the nation during the first two decades of the 20th century. The Progressives emphasized administrative measures designed to enhance efficiency and minimize the baneful influence of excessive partisanship, especially in the form of political appointments. They opposed undue favoritism to the wealthy and privileged. President Roosevelt told a friend in 1908: "I am anxious to have it understood that it is not necessary to be a multimillionaire in order to reach the highest positions in the American diplomatic services."

This concern stimulated passage of the Lowden Act (1911); it was the first legislation to provide for the purchase of buildings to house overseas establishments. The author of this measure, Representative Frank O. Lowden of Illinois, hoped to open the way to the most important diplomatic positions for deserving members of the foreign services regardless of their economic circumstances. "It ought to be possible," he said, "for the lowest man in the foreign service to feel that it is within his power, if his service justifies it, to reach the highest posts." This sentiment faithfully reflected the Progressive conviction that competence should be the only basis for advancement in the public service.

The new assertiveness of the United States in world politics not only reflected the nation's rise to world power; it also stemmed from basic changes in the pattern of international relations. The stable international balance of power that had endured since the downfall of Napoleon in 1815—the source of so much national advantage in the form of free security during the 19th century—showed definite signs of collapse during the first years of the 20th century. Its final dissolution in 1914 precipitated the first European general war in a hundred years. Notable expansion and improvement in the Department of State after 1898 helped to prepare it for the unprecedented challenges that it encountered during the First World War of 1914–18 and after.

The Test of Total War, 1913–1947

The First World War marked one of the great turning points in modern history. It signaled an end to the century of general international stability and extensive economic, social, and political progress that had underwritten the security of the United States during its rise from a small and struggling country to an honored place among the great powers. The conflict of 1914–18 inaugurated an age of international disequilibrium that endured to the latter decades of the 20th century, generating political turbulence and organized violence on an hitherto unimaginable scale.

The First World War vastly affected the position of the United States in the international community because it destroyed the general stability that had nurtured Washington's "great rule of conduct" during more than 100 years of extraordinary national accomplishment. It drew the nation into any number of international entanglements that would have seemed inconceivable a few scant years earlier. Political isolation, however appropriate during the 19th century, no longer served the national interest.

When general warfare began in 1914 between the Allied Powers (Great Britain, France, Russia, Japan, and later Italy) and the Central Powers (Germany, Austria-Hungary, and Turkey), the United States announced strict neutrality in keeping with tradition, but this course ultimately proved untenable. During the period of neutrality (1914–17) two prewar trends came rapidly to a tragic conclusion. As the Americans experimented with their newfound power in world affairs after the war with Spain, they decided that their national interests and aspirations had become complementary with those of the ancient enemy, Great Britain, and competitive with those of Germany, another rising power. Developments after 1914, which led to an ungovernable conflict with Germany over the legality of unrestricted submarine warfare against neutral shipping, simply accelerated a political process that had begun some years earlier.

Nevertheless America's entrance into the First World War in April 1917 as an associate of the Allies reflected the vision of President Woodrow Wilson more than the outcome of the controversy over submarine warfare. By 1917 the conflict had been transformed into a quasi-global conflict that verged on total war. Wilson came to believe that only the United States could shape an effective peace settlement, given the political and moral debility of the contending belligerent coalitions. The fundamental reason he decided on the intervention of 1917 was to insure that the United States would play a decisive part in the outcome of the war Only by this course could he hope to dominate the postwar peace conference.

The President's plan for the future, outlined in the 14 points of January 1918 and augmented by later pronouncements prior to the end of the war in November 1918, envisioned restoration of a stable, equitable, and enduring international balance through the workings of a beneficent arrangement to provide collective security—the League of Nations—based on a consensus of the great powers. Wilson's attempt to banish warfare forever culminated the conversion of the United States from isolation to engagement in a mere generation.

The many changes that accompanied World War I posed great challenges for the Department of State. As the executive agency charged with principal responsibility for the conduct of foreign relations, it was forced to assume duties undreamed of in earlier years. Even before the United States entered the war, the Department's workload spurted dramatically. Both the Diplomatic and Consular Services expanded their reporting functions to provide desperately needed information. They also augmented their support activity abroad. American citizens made demands for help, and collective self-defense in accordance with the purposes, principles, and provisions of the [United Nations] Charter." President Truman had already applied this concept to Latin America. The Rio pact, signed in September 1947, provided that "an armed attack by any State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack." Collective security was invoked once again in the North Atlantic Treaty. Signed in Washington in April 1949, it created the North Atlantic Treaty Organization (NATO). The Rio pact and the NATO pact ended the policy of no entangling alliances. Economic assistance to endangered regions and collective defense agreements with likeminded nations became the principal means of insuring containment of the Soviet bloc.

Dean Acheson was the architect of postwar collective security. While he was Secretary of State (1949–53), the United States negotiated the North Atlantic Treaty, signed treaties of peace and mutual defense with Japan, and committed its armed forces to the defense of South Korea.

(Photo by Fabian Bachrach)

During the Presidency of Dwight D. Eisenhower (1953–61), the United States ratified a number of bilateral and multilateral treaties designed to extend the wall of containment around the Soviet Union and its allies. Among these arrangements were the Central Treaty Organization (CENTO); the Southeast Asia Treaty Organization (SEATO); and bilateral treaties with Japan, South Korea, the Republic of China, and the Philippine Republic.

At times the United States was forced to counter unexpected probes along the dividing line between the free nations and their rivals. In 1948 the United States and its European allies fended off a dangerous threat to the western zones of occupied Berlin. When the Soviet Union interdicted land access, the city received supplies by means of a massive airlift. Eventually the Russians were forced to lift the blockade. When North Korea invaded South Korea in 1950, the United States sponsored a "police action" under the auspices of the United Nations to curb the aggressor. After a long struggle the United Nations Command preserved the independence of South Korea. In 1954 the United States took a strong stand in favor of Taiwan when the Chinese People's Republic bombarded certain islands off the Chinese mainland. In 1955 assistance began to flow to the new nation of South Vietnam, created after the withdrawal of France from Indochina.

The evolution of containment had remarkable effects on the agencies most concerned with American foreign relations. Soon after the Second World War, Congress created a new institutional structure to reach sound decisions relating to national security and to put those decisions into effect. The National Security Act of 1947 recognized that the President must have the ability to control national security policy and that to achieve this object there must be "a single, top-ranking body to form and correlate national policy." The institution founded to perform this function was the National Security Council (NSC).

The creation of the NSC did not displace the Secretary of State as the President's senior adviser on international questions; it simply insured that all concerned agencies would make cooperative contributions to the decisionmaking process in appropriate measure. The principal participants in the NSC, acting at the direction of the President, are the Vice President and representatives of the Department of State, the Department of Defense, the Joint Chiefs of Staff, the Central Intelligence Agency, and, on occasion, interdepartmental groups ranging in nature from small informal committees to large, highly organized councils. Proliferation of interagency organizations reflected the fact that few national-security issues could be dealt with by only one agency.

The NSC structure for making national security decisions provided an institutional vehicle through which the Department of State could exert a continuing influence on the nation's "grand strategy," that is, the systematic design for insuring national security that pulls together the basic means of exercising national power—political, economic, psychological, and military measures—something that the Department had found difficult to accomplish during the troubled years between 1914 and 1945.

Nevertheless, the Department of State realizes its full potential in the new institutional context only if the Secretary of State gains the confidence of the President. The Department's signal contributions to the containment policy stemmed from close associations between President Truman and Secretaries Marshall and Acheson. Truman was always anxious to complete action on important questions; he wanted to make his decision as soon as he had a sound basis. Secretary Acheson, notes his biographer, "could always provide an adequate basis, or its appearance, before any rival body. . . . In the race with time, which was the key to influence over the President, Acheson was unbeatable." Secretary of State John Foster Dulles established effective communication with President Eisenhower after 1953, thereby insuring that the Department of State continued to receive a hearing at the White House.

John Foster Dulles extended American alliances to Southeast Asia and the Middle East. As Secretary of State (1953–59), he traveled half a million miles and visited 60 countries. He coined such colorful descriptions of his policies as "liberation," "going to the brink," "agonizing reappraisal," and "massive retaliation."

(Department of State photo)

The revolution in American foreign policy that occurred after the Second World War greatly affected the position of the Secretary of State. Before 1941 domestic political considerations rather than the need for expertise in foreign affairs usually guided the President in his choice of the senior foreign policy adviser, but after 1945 most of the Secretaries were selected because they possessed broad experience and technical skills deemed essential to effective performance. Before 1941 Secretaries usually remained in Washington, depending on ambassadors or executive agents to conduct negotiations overseas, but after 1945 Secretaries traveled extensively. Before 1941 Secretaries did not usually concentrate on the management of the Department of State, but after 1945 they had to give large amounts of time to administration. The burdens of office have greatly increased, but there has been a significant compensation. Secretaries have gained in prestige, a consequence of the high priority accorded to foreign relations in recent years.

Extensive international activity after the Second World War led to great changes in the Department of State. Members of the Foreign Service performed duties that went far beyond the traditional missions of political representation, negotiation, and reporting. Knowledge of varied scientific, economic, cultural, and social issues became essential. In 1970 a Department publication, *Diplomacy for the 70's*, drew attention to this development. It noted that the agency now had to conduct "critically important programs for promoting our commercial exports, for concessional sales of agricultural commodities, for narcotics control, for military and development aid, for the inspection and licensing of airline routes, for cooperation in the peaceful applications of atomic energy, for scientific and technological exchange, for coordinating international monetary policy, and for communicating directly with people of other countries through the media of press, radio, and television."

To provide an adequate institutional framework for its varied responsibilities, many of which could not be accommodated in the existing geographic bureaus, the Department established many new functional organizations. As of 1980 there were 14 such units, each headed by an Assistant Secretary of State or an official of comparable rank, as against five geographic bureaus. Functional bureaus created since the Second World War cover such diverse concerns as Intelligence and Research, Congressional Relations, Politico-Military Affairs, Oceans and International Environmental and Scientific Affairs, and Human Rights and Humanitarian Affairs.

Certain other functions earlier housed in the Department of State are now the responsibility of other organizations. The U.S. International Communication Agency (USICA) manages international informational activities and cultural relations. Foreign economic assistance is now in the hands of the Agency for International Development (AID). Another vital enterprise—arms control negotiations—is the principal task of the Arms Control and Disarmament Agency (ACDA).

New Department of State Building

The present home of the Department of State is at 2200 C Street, Northwest. On January 5, 1957, President Eisenhower joined with Secretary Dulles in laying the cornerstone. The President used the same trowel that was used by George Washington to lay the cornerstone of the U.S. Capitol in 1793. A sealed metal box containing a selection of historic documents was deposited in the cornerstone. The building was completed in 1961.

This structure covers four square blocks and has seven floors of office space. An eighth floor is used for official functions such as diplomatic dinners and receptions. These rooms are furnished largely with a growing collection of antiques and art treasures provided by the American people on loan or as gifts.

Department Personnel 1781–1980

	Domestic	Overseas	Total
1781	4	10	14
1790	8	20	28
1800	10	62	72
1810	9	56	65
1820	16	95	111
1830	23	153	176
1840	38	170	208
1850	22	218	240
1860	42	281	323
1870	65	804	869
1880	80	977	1,057
1890	76	1,105	1,181
1900	91	1,137	1,228
1910	234	1,043	1,277
1920	708	514	1,222
1930	714	633	1,347
1940	1,128	840	1,968
1950	8,609	7,710	16,319
1960	7,116	6,178	13,294
1970	6,983	5,865	12,848
1980	8,433	5,861	13,962

NOTES: Domestic personnel includes both Civil Service and Foreign Service. Overseas personnel includes Foreign Service only.

Note on Authorities

This history depends heavily on certain authorities who have written about the U.S. Department of State. The two best histories of the Department are Gaillard Hunt, *The Department of State of the United States: Its History and Functions* (New Haven, 1914), and Graham H. Stuart, *The Department of State: A History of Its Organization, Procedure and Personnel* (New York, 1949). The two best works on the Foreign Service are William Barnes and John Heath Morgan, *The Foreign Service of the United States: Origins, Development, and Functions* (Washington, 1961), and Warren F. Ilchman, *Professional Diplomacy in the United States 1779–1939: A Study in Administrative History* (Chicago, 1961).

For information about the Secretaries of State consult the multivolume series edited by Samuel Flagg Pemis and Robert F. Ferrell, *The American Secretaries of State and Their Diplomacy* (New York, 1927–); Norman A. Graebner, ed., *An Uncertain Tradition: American Secretaries of State in the Twentieth Century* (New York, 1961); Alexander DeConde, *The American Secretary of State: An Interpretation* (New York, 1962). For a useful reference work see John E. Findling, *Dictionary of American Diplomatic History* (Westport, 1980). For examples of recent specialized scholarship see Waldo H. Heinrichs, Jr., "Bureaucracy and Professionalism in the Development of American Career Diplomacy," in John Braeman *et al.*, *Twentieth-Century American Foreign Policy* (Columbus, 1971); Richard H. Werking, *The Master Architects: Building the United States Foreign Service 1890–1913* (Lexington, 1977); Rachel West, *The Department of State on the Eve of the First World War* (Athens, 1978); Robert D. Schulzinger, *The Making of the Diplomatic Mind: The Training, Outlook, and Style of United States Foreign Service Officers, 1908–1931* (Middletown, 1975).

Other references published by the Department of State are *The Secretaries of State: Portraits and Biographical Sketches, Homes of the Department of State, 1774–1976,* and *United States Chiefs of Mission, 1778–1973* and its supplement for 1973–74. ■

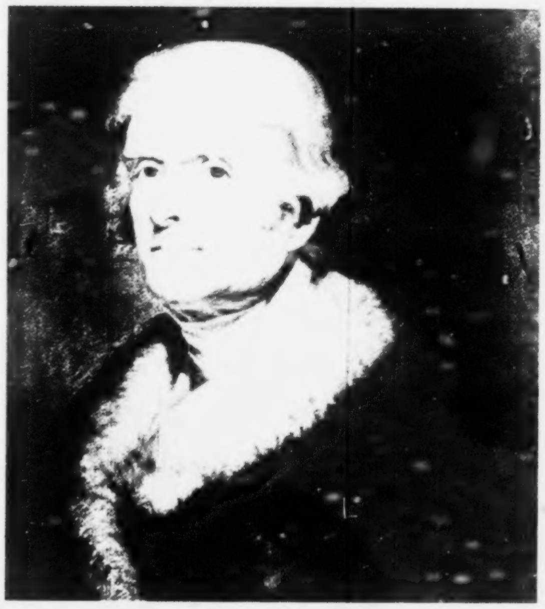
Secretaries for Foreign Affairs

Robert R. Livingston
1781–83

John Jay
1784–90

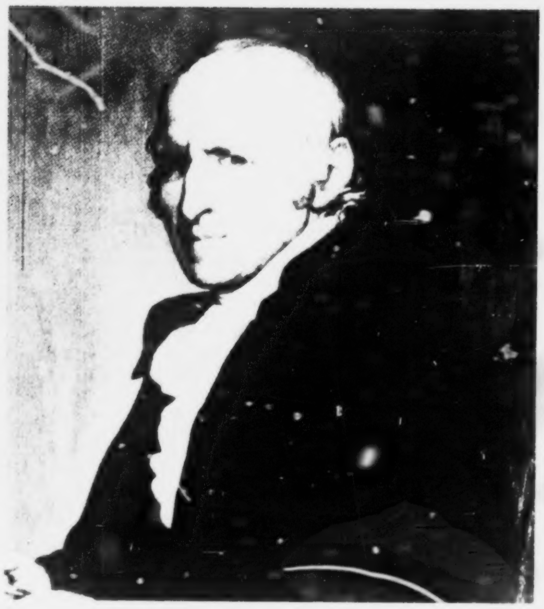
Secretaries of State

NOTE: Daniel Webster and James Gillespie Blaine were each appointed to two nonconsecutive terms as Secretary of State. Therefore, they are counted twice in this list.

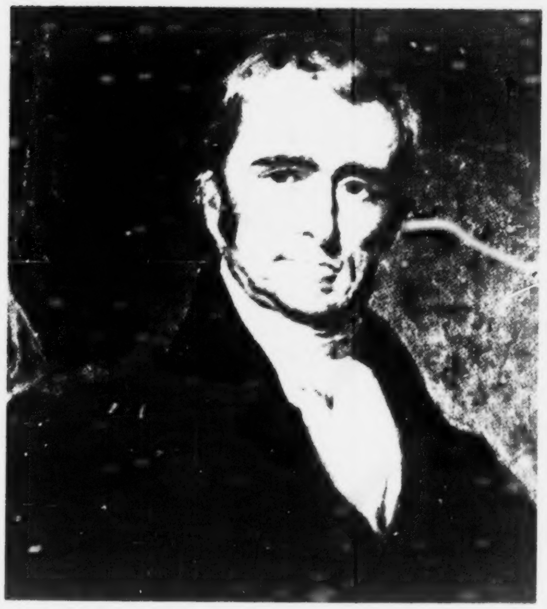


1. Thomas Jefferson
1790–93

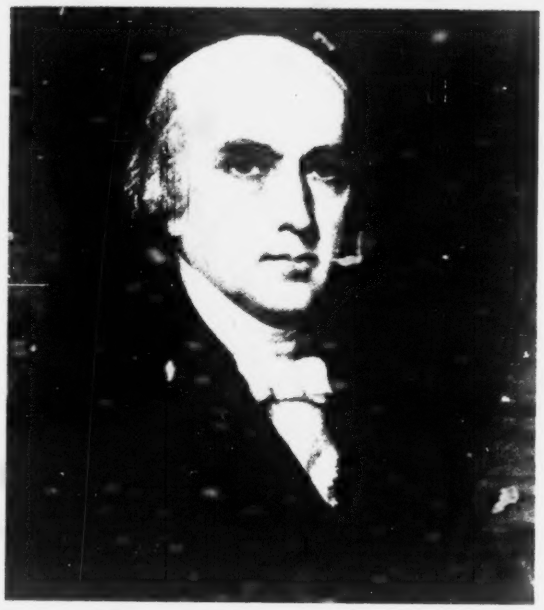
2. Edmund Randolph
1794–95



3. Timothy Pickering
1795–1800



4. John Marshall
1800–01



5. James Madison
1801–09

know from postwar history that such allegations have sometimes preceded military intervention.

The United States continues to believe that the Polish people and authorities should be free to work out their internal difficulties without outside interference. The United States, as well as some Western governments, and also the Soviet Union, have pledged economic assistance to Poland in order to alleviate internal Polish difficulties. The United States has no interest in exploiting, in any fashion, the Polish difficulties for its political ends.

Foreign military intervention in Poland would have the most negative consequences for East-West relations in general and U.S.-Soviet relations in particular. The Charter of the United Nations establishes the right of all states, both large and small, to exist free of foreign interference, regardless of ideology, alliances, or geographic location. I want all countries to know that the attitude and future policies of the United States toward the Soviet Union would be directly and very adversely affected by any Soviet use of force in Poland.

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[1] Text from White House press release. ■

WHITE HOUSE STATEMENT, DEC. 7, 1980[2]

Preparations for possible Soviet intervention in Poland appear to have been completed. It is our hope that no such intervention will take place. The U.S. Government reiterates its statement of December 3 regarding the very adverse consequences for U.S.-Soviet relations of Soviet military intervention in Poland.

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[2] Text from Weekly Compilation of Dec. 15. ■

Human Rights and International Law

by Patricia M. Derian

Statement based on an address prepared for the National Association of Women Judges in Washington, D.C., on October 3, 1980. Ms. Derian is Assistant Secretary for Human Rights and Humanitarian Affairs.

It is rare in government to find that one's work immerses one in ideas and concepts which, over time, can have a profound and lasting impact on the course of our country's future. But that has been my lot for the past 3½ years as I and others have sought to integrate the international concern for human rights into our relations and policies with other nations.

That effort—making human rights a central part of U.S. foreign policy—is perhaps the most innovative approach that the United States has ever taken in this area. It is an attempt to express our commitment to the protection and enhancement of human dignity throughout the world. It is a reflection of the values and traditions that have long been the hallmark of our country. With human rights as a major component of our foreign policy, the United States has made a sustained commitment to a world free from governmental violations of the integrity of the person; a world free from want of food, shelter, health care, and education; a world free to enjoy civil and political liberties.

While the philosophical content of our human rights policy may seem largely ethical, ideological, or political, what is often poorly understood is the major role that law has played in establishing a framework in which human rights and human decency can be promoted and furthered.

I have noted with some curiosity that, over the past few years, many people who should know better have been surprised to learn that there is an emerging, growing, and, indeed, vigorous body of international law of human rights. This lack of awareness may well be explained by the fact that there is no formal international judicial system in which human rights laws are regularly adjudicated. The lack of such a system has made difficult a general apprehension that international human rights law imposes substantial obligations on all governments.

Multilateral Treaties

While human rights law has not had the advantage of such a judicial system, which would aid in the development of a cohesive and coherent body of law, a law of human rights has, nonetheless, developed. Broadly, it has emerged as a result of international treaties; international customary law and practice; and domestic laws, regulations, and court decisions evidencing international custom or acceptance of general principles.

Of these, among the most important are the U.N. Charter and numerous international treaties and other instruments developed in an effort to promote respect for human rights.

The U.N. Charter is probably the first and certainly the most important treaty to recognize human rights and fundamental freedoms of individual human beings as matters of legitimate concern to the entire world community. As set forth in Article 1 (3) of the charter, the purpose of the United Nations, among other things, is "to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion." Article 55 states that the United Nations shall promote "universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion," while under Article 56 "all Members pledge themselves to take joint and separate action in co-operation with the [United Nations] for the achievement of the purposes set forth in Article 55."

Shortly after the founding of the United Nations, the idea of an international bill of human rights was advanced. The first step was taken on December 10, 1948, when the U.N. General Assembly adopted and proclaimed the Universal Declaration of disrupted in illicit producer countries. Not only is there often a domestic drug abuse problem, but illicit narcotics production may interfere with critical food production, as well as siphoning away resources from the legitimate economy. The United States must continue to articulate these problems in the international financial community and insist to the greatest extent possible that they be taken into consideration in lending policies and development projects.

Methaqualone and Other Abused Drugs

While most abused drugs in pill form are produced in the United States, international traffic in methaqualone is posing a severe problem to our country. During the next decade substances like methaqualone will have to be the focus of increased international dialogue. The main instrument for international cooperation in this area is the Psychotropic Substances Convention. Issues to be worked out will include the development of acceptable import-export procedures to control the movement of scheduled substances, particularly where the United States is seeking stricter controls for foreign manufacturers.

Regulation of Licit Narcotics Production

A very critical problem will continue to be the regulation of the production of licit narcotics derived from opium poppies for the medicinal market. The leadership role of the United States in preventing the proliferation of supplies of licit raw materials must be continued. Unless new suppliers are effectively discouraged from increasing production, there will be a substantial oversupply situation, and diversion of opiates to the heroin market will undoubtedly occur. A serious oversupply situation has already been predicted by the International Narcotics Control Board, and this remains of grave concern to the Department of State.

Increased Resources in Drug-Related Foreign Programs

U.S. bilateral programs have proved to be the most effective means of reducing the amount of illicit narcotics available in the United States. But effective bilateral programs require a sustained commitment over a period of years. For instance, the United States has contributed approximately $90 million to our successful opium eradication program with the Government of Mexico. Similar levels of effort will have to be maintained elsewhere if we are to achieve a worldwide reduction in illicit narcotic production. While we expect increasing contributions from other countries to narcotics control programs, a substantial U.S. effort is still required.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

General Assembly Votes on Afghanistan Situation

Following are Ambassador Donald F. McHenry's statement in the U.N. General Assembly on November 19, 1980, and the resolution adopted by the Assembly on November 20.

AMBASSADOR McHENRY[1]

Less than a year ago the conscience of the world was shocked by the grim events in Afghanistan: a massive invasion by Soviet armed forces; the overthrow of the [Hafizullah] Amin regime and the killing of its leaders; and the launching of a campaign of violence and terror against the Afghan people by Soviet forces and their Afghan surrogates.

There is nothing new in the Soviet Union's use of force to maintain its domination of other nations. The pattern set in 1953, when Soviet troops put down the East German workers' uprising, was repeated in 1956 in the bloody suppression of the Hungarian revolution and, in 1968, in the destruction of Czechoslovakia's experiment in liberalization. Now, in 1980, the Soviet Union has gone beyond Eastern Europe to assault the independence of a nonaligned and Islamic nation—a nation intensely proud of its culture and religion.

Their attack and cynical demand that client states recognize the reality of military occupation are in blatant violation of the most important principles of international law and the U.N. Charter:

- A state must not use force against the territorial and political independence of another state;
- A state must settle international disputes by peaceful means;
- All states must respect the principle of self-determination; and
- Human rights must be respected by all governments.

The Soviet intervention and occupation was also—and remains today—a serious threat to the security and stability of an important and strategic region of the world.

The United Nations responded urgently to the Afghanistan crisis. We joined in supporting a draft Security Council resolution which called for Soviet withdrawal. But for a veto by the Soviet Union it would have been adopted. As a result, an overwhelming majority of the members of this Assembly swiftly adopted a resolution in an emergency special session on January 14 which called for immediate withdrawal of foreign troops and restoration of freedom and sovereignty for the Afghan people.

Since then, the invasion and occupation have been condemned by virtually all major international bodies including the Islamic Conference of Foreign Ministers on January 29 and again on May 21, the U.N. Human Rights Commission on February 14, the Foreign Ministers of the European Common Market and the Association of South East Asian Nations on March 7, and the Interparliamentary Union Council on April 12 and again on September 24.

Deepening Crisis

Notwithstanding those urgent appeals, the crisis has deepened in Afghanistan. The Soviet Union has ignored the mandate of January 14. It has pursued and intensified its policy of military intervention and occupation in total disregard of world opinion.

In the face of this Assembly's demand for withdrawal of Soviet troops, Moscow has increased its force—which it describes as a "limited contingent"—from 50,000 in early January to 85,000 today. And more than 30,000 troops are massed just across the border of the Soviet Union.

In defiance of this Assembly's appeal for the restoration of sovereignty and self-determination for Afghanistan, the Soviet Union has sought to tighten its political and military grip on that country through a regime which is entirely dependent on Soviet armed might for its survival. It should be clear to all that this regime does not and cannot represent the people of Afghanistan.

In violation of the Assembly's appeal to refrain from coercion and constraint, the Soviet Union and its Afghan agents have waged a brutal campaign of violence and terror in an effort to subdue the Afghan people.

But the Soviet Union has failed to achieve its grim objective in Afghanistan. The Afghan people have resisted in a struggle for national liberation. And for all the Soviet Union's divisions, its sophisticated weaponry, and its ruthless methods, including arbitrary arrests and imprisonment, it has failed to crush this struggle. Soviet forces have failed entirely to pacify the countryside. They are confined to the towns and cities, which are armed camps. And even there, guerrilla attacks on Soviet personnel and strikes and demonstrations against the invader are commonplace.

The struggle of the Afghan people to recover their freedom and independence is an inspiration to those who oppose tyranny. But the cost of their struggle has been high. Even as we meet today, more Afghan freedom fighters are dying, and more fields and villages are being laid waste as Soviet forces use the tactics of terror to impose a Soviet peace. Their tragedy is unfolding in a country which, since its independence in 1921, has consistently followed a policy of neutrality and nonalignment.

In spite of the cloak of Soviet censorship, these facts of Soviet aggression in Afghanistan speak for themselves. The Soviet Union stands condemned in the eyes of the world. Yet it persists in trying to mask its aggression by casting the blame on others.

Moscow claims it intervened in Afghanistan at the request of a former regime in response to some undefined external threat to that country. This was, of course, the same regime whose leader was murdered when Soviet troops assaulted and subdued the Afghan state on December 29, last year. In the declaration of May 14, issued by the Soviet-controlled authorities in Kabul, Moscow argued that peace can be restored only through agreements between the Kabul regime and the neighboring states of Pakistan and Iran whereby these states and others would, in effect, accept the illegal military occupation and guarantee an end to the Afghan resistance. While continuing to support these unacceptable proposals, the Soviets have shown no interest in the initiative of the Islamic Conference or other proposals for a just political settlement that would restore genuine freedom and independence to Afghanistan.

Moscow's claims that some external threat to Afghanistan justified its invasion and that an independent government requested its assistance are simply unacceptable. Moreover, I wish to emphasize that the charges of the representative of the Soviet Union [Oleg A. Troyanovsky] and Mr. Dost [Shah Mohammed Dost, Minister of Foreign Affairs, Democratic Republic of Afghanistan] during this debate that the Afghan resistance is dependent on the United States and other nations are cynical fabrications unworthy of further comment. The world knows that the Soviet Union invaded Afghanistan to suppress an indigenous Islamic insurgency which had long been struggling against an unpopular regime. The world also knows that this resistance movement is an expression of the powerful nationalism of the Afghan people, and that the Kabul regime is a fiction manufactured in Moscow and marketed by force of Soviet arms.

The real threat to Afghanistan is the presence of 85,000 Soviet troops who have illegally invaded and occupied that country in gross violation of international law. The Soviet Union is locked in conflict with the Afghan people. The cost of this conflict is mounting, most of all for the Afghan people, but for others as well. For the Soviet Union, the cost is heavy—international condemnation, increased isolation, and the burden of a futile and seemingly endless war. For the other nations of Southwest Asia, security and well being are endangered while Soviet forces remain in Afghanistan. The use of force by the Soviet Union against a nonaligned neighbor with whom it has a treaty of friendship means that every nation is less secure.

Yet the will of Afghans to resist is legendary. In the troubled times of 1941, the Grand National Council or Loya Jirgah met to reaffirm Afghan neutrality. The council adopted these concluding words in their resolution of November 6, 1941:

> The Afghan nation has at no time been under any obligation to a foreign government, nor will she ever be. The nation has always been free, and will also in the future maintain its free and independent existence. By the help of God, the people of Afghanistan are unanimously prepared to live a life of honor by defending their rights with all their material and spiritual forces, even to the point of shedding the last drop of blood.

These words ring even louder today than then, for we are now witness to this same stubborn defense of honor and national rights.

Need For Just Settlement

Members of the United Nations have an obligation to find a solution to this impasse in accordance with the principles of the U.N. Charter. The draft resolution we are now considering offers a constructive approach. Yet some delegations have attempted to characterize support for this resolution as an "unfriendly act." The real "unfriendly act" was the invasion of Afghanistan. This resolution deserves the support of every member of this body. It has three elements which are essential for a solution, and the United States is firmly committed to them:

- The immediate withdrawal of foreign troops from Afghanistan;
- The right of the Afghans to self-determination, free from outside intervention; and
- The need for a peaceful solution of the problem based on the sovereignty, territorial integrity, and the nonaligned character of Afghanistan.

The resolution also addresses the tragedy of the Afghan refugees with an appeal for continued relief aid and a solution that will enable them to return to their homes. The flood of refugees—now more than 1.2 million in Pakistan and

"None Is Swifter Than These"

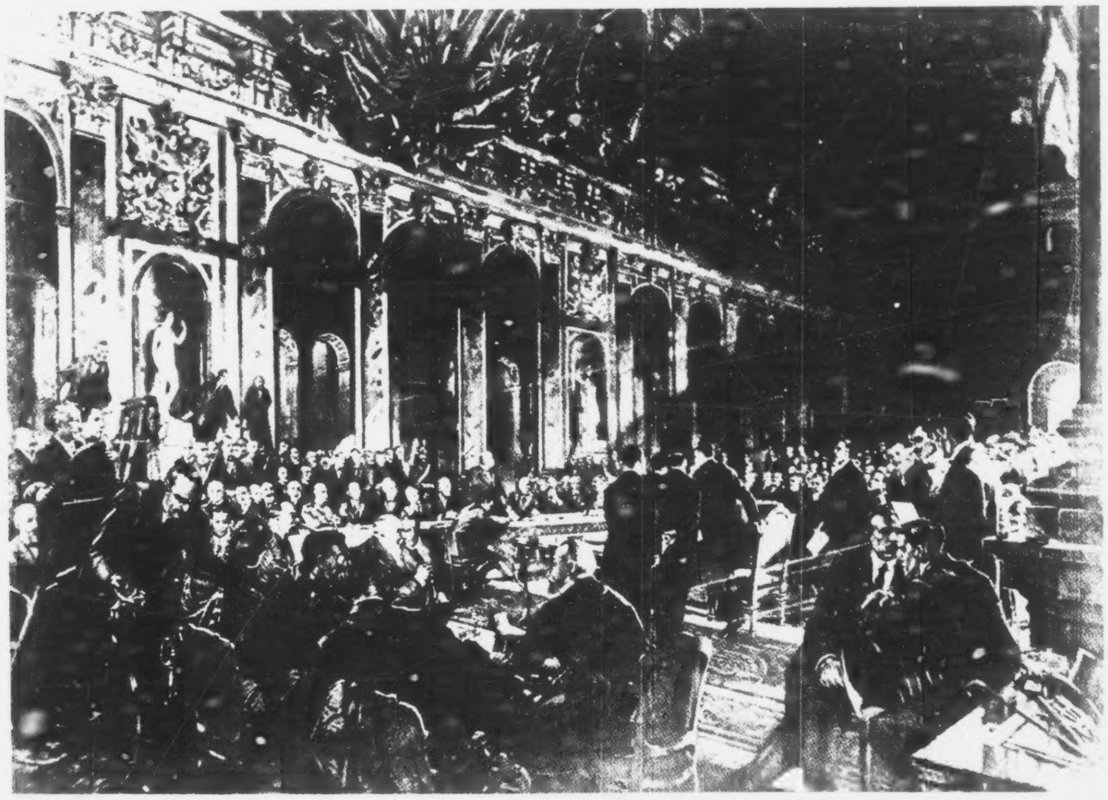
The earliest American diplomatic courier was Peter Parker, master of the brig *Dispatch*, who was commissioned by the Continental Congress on July 10, 1776, to deliver messages to J.H. and Samuel Delap in Bordeaux. The letters, relating to obtaining military supplies from France, were weighted so that they could be thrown overboard in the event of capture.

The Department did not begin to hire couriers on a regular basis until World War I. Outgoing despatches would be entrusted to shipmasters, junior naval officers, or private citizens as necessary. "Bearers of despatches" were entitled to $6 per diem plus a travel allowance, payable by the Department upon completion of their mission. They also carried a special passport to certify their official character. One of the first such special couriers was a Post Office employee named Nat Crane, who left Savannah for London on May 24, 1819.

The Embassies in London and Paris became the first American diplomatic posts to hire full-time couriers in December 1914. At the end of the First World War, the American Commission to Negotiate Peace asked Major Amos J. Peaslee, who had organized a courier system for the Army, to perform a similar service for the Department. The Diplomatic Courier Service began operations in Paris on December 2, 1918, using military personnel. It was disbanded the next year when the Peace Commission concluded its activities, but 11 Marines and one civilian were then designated as couriers.

The Courier Service was disbanded again on July 30, 1933, as an economy measure. President Franklin D. Roosevelt ordered its reestablishment in 1934, while attending the London economic conference. The system was still based in Paris and had three regular couriers. By 1941 established service had been instituted to China, Japan, and the Americas. A regular system of worldwide schedules came into being after World War II.

The Diplomatic Courier Service reached its peak strength of 100 after World War II. There are presently 74 couriers. Despite the hazards of wars, revolutions, shipwrecks, and plane crashes, only five couriers have lost their lives in the line of duty. No pouch or letter has ever been stolen from a diplomatic courier. The emblem of the Diplomatic Courier Service is a golden eagle in flight. Its motto, "none is swifter than these," is taken from Herodotus' description of Persian couriers.



The Treaty of Versailles was signed on June 28, 1919. At the close of World War I, the United States briefly abandoned isolation and attempted to establish not only a lasting peace but a new international order. (Library of Congress photo)

American missions located in belligerent countries often acted as caretakers for enemy interests in these countries. For example, the American Embassy in Berlin represented British, Japanese, and Italian interests in Germany until the United States abandoned neutrality.

The burgeoning responsibilities of the foreign services caused an increase in personnel and expenditures. Many temporary employees were assigned to duties at home and overseas. Resignations and retirements were minimized to retain experienced officers. Congress authorized a significant number of new permanent positions, including 27 in the Diplomatic Service, a jump from 70 to 97. The domestic payroll grew from 234 people in 1910 to 708 in 1920. Expenditures jumped from $4.9 million in 1910 to $13.6 million in 1920.

For the first time since the earliest years of the nation, the American people gave sustained attention to foreign affairs. The Department accordingly attracted considerable attention and even praise, a welcome change from the general apathy or distrust that characterized the heyday of isola-

A Man Behind the Throne

For a time Edward M. House of Texas exercised much more influence on President Woodrow Wilson's foreign policies than the Secretary of State, Robert Lansing of New York. He came to Wilson's attention during the campaign of 1912 and soon became the President's most intimate friend. A quiet, self-effacing man, but one of large ambition, House established close relations with important European leaders, particularly in Great Britain.

The President sent him to Europe twice during the period of neutrality (1914–17) to explore the possibility of mediating the European conflict. House later served as a special executive agent during the period of American belligerency (1917–18) representing the United States at an important inter-Allied conference held in Paris during November 1917 and at the prearmistice negotiations in October-November 1918. During the war House also headed a group of experts known as the "Inquiry" who prepared information to be used by the American delegation to the postwar peace conference.

President Wilson made House one of the American peace commissioners in 1919, and the Texan played a significant role in the negotiations that took place in Paris. Unfortunately for him, he betrayed a tendency to compromise some of Wilson's positions, probably the reason for a rapid cooling of their friendship. When House returned from Europe he was no longer welcome at the White House.

tion. The rise of the "new diplomacy" —a term used to describe statecraft responsive to the desires of popular majorities—brought international politics and its practitioners fully into the consciousness of people who had never before concerned themselves with foreign relations.

And yet, despite its enlarged operational responsibilities and respectability, the Department of State lost much of its influence on the making of foreign policy. Almost all the significant decisions of the conflict—to pursue strict neutrality in 1914, to intervene on behalf of the Allies in 1917, to champion the League of Nations in 1918, and to negotiate a peace treaty on American terms in 1919—emanated from the White House without decisive contributions from the Secretary of State and his subordinates.

Several factors helped displace the Department of State as the principal source of advice concerning the most crucial questions of war and peace. One important reason was that President Wilson and his several Secretaries of State did not establish close and confidential relations with each other, almost always a precondition for influential leadership from the Department of State. Wilson relied primarily on others for advice, notably an intimate friend, Edward M. House of Texas. A less obvious but equally significant reason was that the Department was poorly organized to meet the requirements of wartime. It tended to act slowly, and it lacked expertise in treating military issues. Moreover, the exigencies of the national emergency dictated the participation of many agencies in decisions about foreign relations—notably the War Department, the Navy Department, the Treasury, and temporary organizations such as the War Industries Board—but the Department of State was not prepared to take a leading role in coordinating this activity. Finally, modern communications rendered the President less dependent on the Department for information than in earlier periods.

The experience of modern warfare revealed that the Department of State would have to undergo major changes. In January 1920, Secretary of State Robert Lansing of New York put his finger squarely on the reason, writing to a sympathetic Congressman, John Jacob Rogers of Massachusetts: "The machinery of government provided for dealing with our foreign relations is in need of complete repair and reorganization. As adequate as it may have been when the old order prevailed and the affairs of the world were free from the present perplexities it has ceased to be responsive to present needs." Three categories of reform were required to revivify the Department. The foreign services must be fully professionalized and democratized; the structure of the Department must be modernized to deal effectively with a whole new range of policy matters in a transformed environment; and relations between the Department and other participants in the foreign policy process must be clarified and conducted in a new institutional context.

Lucile Atcherson passed the examination for the diplomatic service in 1922 and became the first woman Foreign Service officer. (Photo taken in 1978) (Department of State photo)

Measurable improvement occurred in the first of these dimensions after the First World War, when Congress completed the prewar movement toward a fully professional and democratic foreign service. Representative Rogers, who led the congressional campaign, stated his objective in 1923: "Let us strive for a foreign service which will be flexible and democratic; which will attract and retain the best men we have; which will offer reasonable pay, reasonable prospects for promotion, reasonable provision against want when old age comes to a faithful servant." Hugh Gibson, a respected diplomat interested in reform, supported Rogers, arguing that improvements in the Diplomatic and Consular

To assist the Secretary of State the Department now has a large team of central managers. The Deputy Secretary of State serves when necessary as the Acting Secretary and, with the Counselor of the Department, is available for special assignments. Four Under Secretaries of State oversee important functional areas—political affairs; economic affairs; management; and security assistance, science, and technology. Special support for the Secretary comes from the Executive Secretariat, a unit set up to control information flow and to follow up decisions, and from the Policy Planning Staff.

Administrative problems also materialized overseas when many agencies of the U.S. Government entered the foreign field. This influx ultimately caused jurisdictional disputes, disorderly management, and widespread inefficiency. To restore order President Eisenhower issued a series of Executive orders that established the Ambassador as the supervisor for all operations within his country. The chief of mission became the leader of a "country team" that included representatives of all organizations with operational responsibilities, for example, the Department of Defense, the U.S. Information Service (the precedessor agency of USICA), the Department of Agriculture, and the Peace Corps. Further improvement occurred in 1966 when President Lyndon B. Johnson and Secretary of State Dean Rusk arranged for "country directors" in the geographic bureaus, who supported chiefs of mission; they communicated policy guidance and mobilized operational and administrative support for the country team.

The revolution in foreign policy produced much greater growth in the Department of State than in any previous period. A few statistics graphically illustrate this pattern. The domestic work force enlarged from 1,128 in 1940 to a postwar high of 8,609 in 1950. The total declined to 6,983 in 1970, but rose to 8,433 in 1980, still below the level of 1950. The Foreign Service expanded at a similar rate. From a mere 840 in 1940 it jumped to a high of 7,710 in 1950. The total number in all categories of the Foreign Service in 1980 was 5,861. The budget of the Department also rose spectacularly, even if inflation is taken into account. In 1940 the total expenditure was $24 million but by 1950 it reached $350.9 million. After a decline to $246.6 million in 1960, expenditures climbed to $447.8 million in 1970 and to $2,354,139,275.69 in 1980. Even so the Department of State has the lowest budget of all Cabinet departments.

After the accomplishments of the immediate postwar years, the Department of State suffered a crippling blow when it became the prime target of Senator Joseph McCarthy's search for subversives in the U.S. Government. In February 1950, shortly after the Soviet Union acquired nuclear weapons and Mao Zedong seized power in China, the Wisconsin Senator launched his anti-Communist crusade with a speech in Wheeling, West Virginia. Depicting the international position of the United States in the most dire terms, he insisted: "How can we account for our present situation unless we believe that men high in the government are concerting to deliver us to disaster? This must be the product of a great conspiracy on a scale so immense as to dwarf any previous venture in the history of man." He announced that he had a list of 205 subversives—"a list of names that were made known to the Secretary of State as being members of the Communist Party and who nevertheless are still working and shaping policy in the State Department." Senator McCarthy never made public such a list. A number of the most experienced Foreign Service officers—notably the Department's corps of Far Eastern experts—were forced out of the Department or their reputations were otherwise seriously damaged. Senator McCarthy never proved any of his irresponsible allegations.

McCarthy's allegations had a lasting effect on those who remained in the Department. John W. Ford, a security officer at the time, has since noted that "few people who lived through the McCarthy era in the Department of State can ever forget the fear, intimidation, and sense of outrage which permeated Foggy Bottom." In 1978 the Under Secretary of State for Political Affairs, David D. Newsom, said: "I can recall the

Loy W. Henderson began his diplomatic career as Vice Consul in Dublin in 1922. His 39 years of service included assignments as Minister to Iraq (1943–45), Ambassador to India (1948–51) and to Iran (1951–54), and Deputy Under Secretary for Administration (1955). The Department's international conference room was dedicated to him in 1976.
(Department of State photo)

shock of the taunts and suspicions leveled at the State Department and those who served in it. It must be satisfying, but not full recompense, for those who suffered in that period to have our nation now realize that they were substantially right.”

The notion that the Department served the nation's enemies lingered on for many years. Senator Henry M. Jackson of Washington put his finger on one reason for the tendency to level unjustified criticism at the Department. “We know that the State Department has been a target for all of the problems of the cold war because it is called the State Department—it is the Foreign Office. It is a very popular target—and does not have any constituents.” The relative absence of powerful and assertive support from organized interest groups, especially in comparison with most other major agencies, renders the Department of State vulnerable to irresponsible charges, especially in periods of international stress. It usually can be attacked without fear of serious retaliation.

While the Department struggled with McCarthyism, it also sought to modernize its personnel practices. Postwar growth produced what one historian described as “inertia, inflexibility, and loss of efficiency in the use of personnel.” Stanton Griffis, a businessman who served as Ambassador to several countries, later satirized the confused situation. Overseas missions constituted “a fantastic network of men, women, and typewriters, who report [on] . . . political, economic, labor, and agricultural conditions.” These reports then went to Washington, where they were immediately filed away. Then “the home team, having properly disposed of the information from the field, proceeds to write its own endless reports to go forward to the same ultimate fate in the embassies throughout the world.”

Diplomatic and Consular Posts 1781–1980

	Diplomatic	Consular
1781	4	3
1790	2	10
1800	6	52
1810	4	60
1820	7	83
1830	15	141
1840	20	152
1850	27	197
1860	33	282
1870	36	318
1880	35	303
1890	41	323
1900	41	318
1910	48	324
1920	45	368
1930	57	299
1940	58	264
1950	74	179
1960	99	166
1970	117	122
1980	133	100

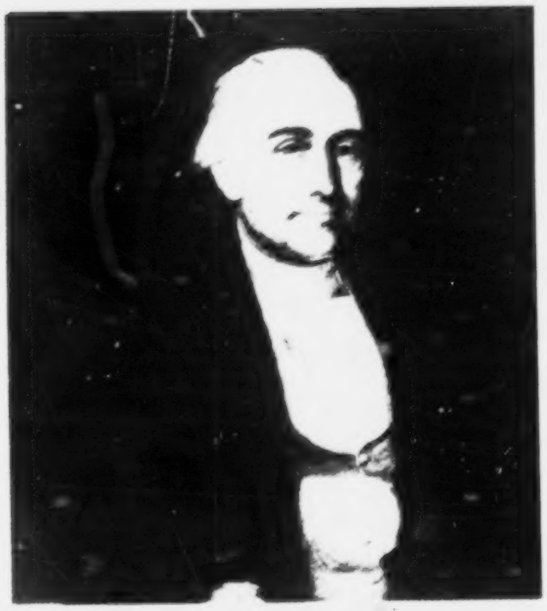
The personnel problems of the Department of State attracted the attention of a commission, headed by former President Hoover, created to investigate all aspects of government organization after World War II. In 1949 the commission called for reforms to eliminate one important source of difficulty—invidious distinctions between the Foreign Service and the civil servants who staffed the Department's headquarters in Washington.

Several years later, in 1954, Secretary of State John Foster Dulles asked Henry M. Wriston, the President of Brown University, to undertake a study of the Department's personnel practices. Dulles drew attention to a number of concerns, among them poor morale because of managerial shortcomings, low intake into the Foreign Service, and inequities that stemmed from differences in the treatment of different categories of employees. After examining these matters, President Wriston called for integration of many Civil Service employees into the Foreign Service. There followed several years of “Wristonization”; by the end of 1957 the Foreign Service had more than doubled in size to 3,436 officers. By August 1959, 1,523 Foreign Service officers held positions in the Department, a device intended to improve communications between Washington and the missions overseas and to fulfill the legal requirement that Foreign Service officers spend a portion of their careers at home.

Although the reforms of the early postwar years served the Department well, the march of events during the 1950s and especially the 1960s posed new difficulties. The innovative concept of containment began to lose some of its utility as a rough balance of power was established in Europe and East Asia. As East-West tensions subsided somewhat, new strains developed along a North-South axis. After the Second World War, which completed the destruction of the great European colonial powers, ancient peoples everywhere in Africa and Asia recaptured their sovereignty. A “revolution in rising expectations” throughout the Third World spawned new international issues that greatly complicated the task of statecraft.

The need to make significant changes in the foreign policy of the United States became fully apparent during the war in South Vietnam. The modest intervention that began in 1955 after the departure of France from Indochina turned into a major enterprise during President Johnson's Administration (1963–69). In 1968, after 3 years of warfare that led to the introduction of over 500,000 American troops into South Vietnam, President Johnson decided to disengage from a struggle that had lost popular support at home.

The election of President Richard M. Nixon in 1968 led to important changes in direction. In February 1970, acting on the advice of Henry A. Kissinger, the Assistant to the President for National Security Affairs, President Nixon presented a report to Congress entitled *U.S. Foreign Policy for the 1970s*, in which he described certain basic changes that had taken place in the world since 1945. The world, he believed, had largely recovered from the damage of the Second World War; many new nations had come into existence in Africa and Asia; the monolithic structure of international communism had been fractured because of developments in China and Eastern Europe; the United States no longer possessed a monopoly of nuclear weapons; and a significant moderation had occurred in international ideological conflict. Given these developments, President Nixon continued, the United States in the future should rely more heavily on partnership with likeminded peoples; it should maintain sufficient military



6. Robert Smith
1809–11

7. James Monroe
1811–17

8. John Quincy Adams
1817–25

9. Henry Clay
1825–29

10. Martin Van Buren
1829–31

11. Edward Livingston
1831–33

12. Louis McLane
1833–34

13. John Forsyth
1834–41

14. Daniel Webster
1841–43

15. Abel Parker Upshur
1843–44

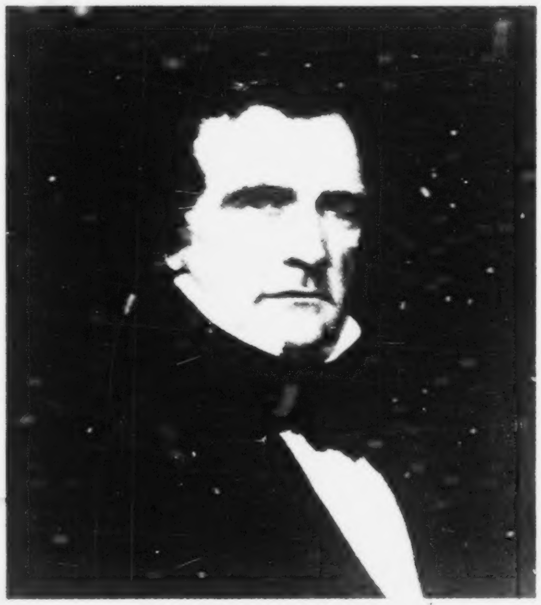
16. John Caldwell Calhoun
1844–45

17. James Buchanan
1845–49

18. John Middleton Clayton
1849–50

19. Daniel Webster
1850–52

20. Edward Everett
1852–53



21. William Learned Marcy
1853–57

22. Lewis Cass
1857–60

23. Jeremiah Sullivan Black
1860–61

Human Rights. The purpose of the declaration is to be "... a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms. . . ."

While adopted by the U.N. General Assembly, the declaration lacks the binding force of a treaty. It has, nonetheless, proved to be a frequently invoked explanation of the scope of the human rights and fundamental freedoms recognized by treaty—that is, by the U.N. Charter. It has also been contributing year by year to the development of a customary international law of human rights.

After adopting the declaration, the United Nations drafted, adopted, and opened for signature two major international covenants on human rights—one covering civil and political rights with an optional protocol; the other economic, social, and cultural rights. These three instruments complete the international bill of human rights begun with the Universal Declaration, providing legal as well as moral force to international human rights. All have now entered into force. The two covenants have been signed but not yet ratified by the United States, inasmuch as the Senate is still considering the President's recommendation to the Senate for its advice and consent.

It has been one of my greatest personal frustrations that, despite the Carter Administration's commitment, the work of many nongovernmental organizations and legal societies, and my own efforts, the Senate has still not voted in favor of ratifying either of these extremely important instruments. They are cornerstones of the law of international human rights. Our failure to ratify these treaties, obviously, makes it more difficult for us to argue persuasively for the need to adhere to universal standards of human rights.

Because of their importance to human rights law, I would urge you to acquaint yourself with the two covenants and other pertinent human rights instruments. The State Department has prepared a compendium of selected human rights documents. Your efforts to support and seek the approval of these two covenants would be a major contribution in advancing the law of human rights.

The charter and the two covenants are by no means the only multilateral effort at promoting human rights. There are over 20 treaties now in place and they include, *inter alia*: the Convention on the Prevention and Punishment of the Crime of Genocide, the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention concerning the Abolition of Forced Labor, the American Convention on Human Rights, the Convention Relating to the Status of Refugees, the Covention on the Reduction of Statelessness, and numerous treaties for the promotion and advancement of women. Of these there are the Convention on the Political Rights of Women, the Convention on the Nationality of Married Women, and the recent Convention on the Elimination of All Forms of Discrimination Against Women, which the United States signed in Copenhagen this past summer. All of these conventions create binding legal obligations on the parties to them. Currently being drafted at the United Nations is a treaty to strengthen legal guarantees against, and procedures to eliminate torture, a practice already forbidden by customary international law.

Regional Arrangements

It is not only on the global level that efforts to promote human rights take place; by and large, some of the most innovative attempts have occurred on regional levels. Indeed, it may well be that regional arrangements will most rapidly advance the commitment to human rights by all nations.

Perhaps the most highly developed regional achievement is the European Convention for the Protection of Human Rights and Fundamental Freedoms. The European convention established a commission and a court for handling both state and individual complaints. The members of the Organization of American States have promulgated the American Convention on Human Rights, which also includes both a commission and a court. Thus, for the first time in our history, a human rights court has been established in the Americas, headquartered in San Jose, Costa Rica. The League of Arab States has set up a Permanent Arab Commission on Human Rights. The Organization of African Unity is reviewing a draft on an African charter on human rights and the possibility of establishing a commission on human rights for Africa. Under the Helsinki Final Act of 1975, Western Europe, the United States, Canada, and Eastern Europe—35 nations—agreed upon a set of principles to reduce tension and political conflicts in Europe, including among them "respect for human rights and fundamental freedoms." With the exception of the Helsinki Final Act, which was made expressly nonbinding, each of these regional initiatives creates or contemplates creating legal obligations.

In some instances individuals are able to assert their human rights in courts or other appropriate forums. For example, the European Convention on Human Rights and the Optional Protocol to the Covenant on Civil and Political Rights establish specific procedures for the bringing of complaints by private individuals where the nation concerned has agreed to such a procedure. So, too, does the racial discrimination convention and the American Convention on Human Rights.

Role of Domestic Courts

Again internationally recognized human rights may be adjudicated by domestic courts in some jurisdictions. A case in point is the recent Pena case which was initially heard in the U.S. Eastern District Court of New York. The case involved a tort claim brought by the father and sister of a teenage Paraguayan who was allegedly tortured to death in Asuncion by the defendant Pena-Irala, a Paraguayan police officer who was found and served in New York. The suit was brought pursuant to a 1789 law, now codified as 28 U.S.C. section 1350. Section 1350 allows an alien to sue in Federal District Courts for a tort in violation of the law of nations or treaties of the United States.

Thus a threshold question confronting the court was whether torture is a violation of the law of nations in the sense of section 1350. If not, the court would lack jurisdiction to hear the case.

The district court considered itself bound, by views in earlier cases decided by the Second Circuit Court of Appeals, to reject jurisdiction. Those views appeared to exclude from the reach of the law of nations wrongs inflicted by a state on its own nationals.

On appeal, the second circuit sought an opinion from the State Department. The State Department drafted, and the Department of Justice filed, a brief showing that the international law of human rights today may extend to a wrong by a state against its own citizens and that torture is such a universally recognized wrong. The court of appeals adopted this view and remanded the case to the district court.

Some international treaties, such as the Genocide Convention, provide for the prosecution of individuals who have allegedly violated the human rights of others.

Frequently, the provisions of a particular human rights treaty are incorporated into the domestic law of a state in such a manner that it can be invoked directly by individuals. In some states, once a treaty is ratified, it automatically becomes a part of the domestic law; in others, additional implementing legislation is required. Needless to say, these are not merely academic concerns. Domestic courts in the United States are, at times, faced with the question of whether a human rights treaty is self-executing, thus permitting the benefits of the treaty to be applied directly to a litigant. I should note that in transmitting four human rights treaties to the Senate in February 1978, President Carter recommended that the United States declare that they are not self-executing.

During the early 1970s numerous suits were brought in domestic courts in an effort to "prevent the U.S. Government and other U.S. interests from aiding the forces of racial repression in southern Africa." While the suits did not succeed, they were of the utmost importance in raising the consciousness of lawyers, judges, government officials, and the general public to the existence of human rights law and its potential application in domestic courts.

While there is, in my view, a clearly recognizable code of human rights law binding on states and applicable to individuals, the major flaw in the development of human rights law is one of enforcement. The implementation of human rights law largely depends on the consent of nations. The competence of various international courts to render a judgment against a nation which has violated its human rights obligations rests on that nation's consent to the court's jurisdiction. However, even if that consent is forthcoming, an adverse judgment against a consenting nation may or may not be effectively enforced. Where a court may, as is the case of the International Court of Justice, render advisory opinions, those opinions, while deserving great respect, are, by definition, not binding, unless by virtue of some special agreement.

Currently, the implementation and enforcement of human rights law are largely dependent on voluntary compliance, moral pressures, and other forms of influence. Ideally, and perhaps with time, there will emerge a viable court system with the International Court of Justice as the final court of appeal. Already many of the regional arrangements for the promotion and protection of human rights have established some form of juridical mechanism for lodging complaints.

What I have sought to do here today is to show in a rather brief form that human rights is something more than a controversial, ideological, or political concept. Human rights is law and, as such, when a nation violates individual human rights, it is violating international law. The efforts of the U.S. Government to make human rights a central part of our foreign policy is, in effect, an effort to incorporate within our foreign policy the international law which establishes standards of human decency and human dignity. In that human rights is something beyond an ethical, ideological, or political concept and is also very much a legal concept.

The question I am often asked is: "What is the future of the U.S. human rights policy under a different Administration?" I say that if human rights is international law, and I believe that it is, there can be no other course for the U.S. Government but to apply and enforce that law.

What I have attempted to do here today is to provide a better understanding of the role that the law plays in enhancing human rights. The concept of human rights is a concept of world order. It is a proposal for structuring the world so that every individual's human worth is realized, every individual's human dignity is protected. The purpose of laws is to create a meaningful, rational, and just framework in which the pursuit of personal and societal enjoyment can take place. This thought has never been expressed better than in the preamble to the Universal Declaration of Human Rights. The drafters of the declaration clearly understood the important role that law must play if the goal of respect for universal human rights is ever to be realized. They wrote:

> . . . it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law. ■

several hundred thousand elsewhere—represents one-tenth of the population of Afghanistan. Their flight is further dramatic evidence of the upheaval and suffering the Soviet invasion has caused.

Finally, this draft resolution goes a step beyond that of January 14 by expressing hope that the Secretary General will appoint a special representative with a view to promoting a political solution in accordance with the provisions of this resolution.

In the past, the Soviet Union has shown no willingness to discuss a political settlement except on the basis of formulas of its own which ignore the need for prompt withdrawal of Soviet troops. Such formulations which essentially seek to preserve the present Kabul regime are no solution to the plight of Afghanistan. They offer neither peace nor freedom for the Afghan people. Nor do they offer any prospect for meeting the security interests of that region or the rest of the world, or indeed, of the Soviet Union.

In contrast, the approach of the draft resolution we are now considering offers a new opportunity for Moscow to change its course and meet its international obligations. It points the way toward a genuinely independent nonaligned and neutral Afghanistan, free of foreign troops and foreign intervention and with a government acceptable to the Afghan people. Such an outcome would deliver Afghanistan from its ordeal. And it would pose no threat to the legitimate interests of the Soviet Union in the security of its border. The United States supports a political settlement based on these principles.

None of us can rest until a just peace in Afghanistan is achieved. The Afghanistan crisis must remain at the top of this organization's agenda until this grave source of international tension is removed. If all of us, including the Soviet Union, can summon the necessary will and courage, such a settlement for Afghanistan can be accomplished on the basis of the principles of the draft resolution we are now considering. We must—all of us—commit ourselves to this goal.

GENERAL ASSEMBLY RESOLUTION 35/37[2]

The General Assembly,

Having considered the item entitled "The situation in Afghanistan and its implications for international peace and security",

Recalling its resolution ES-6/2 of 14 January 1980 adopted at the sixth emergency special session,

Reaffirming the purposes and principles of the Charter of the United Nations and the obligation of all States to refrain in their international relations from the threat or use of force against the sovereignty, territorial integrity and political independence of any State,

Reaffirming further the inalienable right of all peoples to determine their own form of government and to choose their own economic, political and social system free from outside intervention, subversion, coercion or constraint of any kind whatsoever,

Gravely concerned at the continuing foreign armed intervention in Afghanistan, in contravention of the above principles, and its serious implications for international peace and security,

Deeply concerned at the increasing outflow of refugees from Afghanistan,

Deeply conscious of the urgent need for a political solution of the grave situation in respect of Afghanistan,

Recognizing the importance of the continuing efforts and initiatives of the Organization of the Islamic Conference for a political solution of the situation in respect of Afghanistan,

1. *Reiterates* that the preservation of the sovereignty, territorial integrity, political independence and non-aligned character of Afghanistan is essential for a peaceful solution of the problem;
2. *Reaffirms* the right of the Afghan people to determine their own form of government and to choose their economic, political and social system free from outside intervention, subversion, coercion or constraint of any kind whatsoever;
3. *Calls* for the immediate withdrawal of the foreign troops from Afghanistan;
4. *Also calls upon* all parties concerned to work for the urgent achievement of a political solution and the creation of the necessary conditions which would enable the Afghan refugees to return voluntarily to their homes in safety and honour;
5. *Appeals* to all States and national and international organizations to extend humanitarian relief assistance, with a view to alleviating the hardship of the Afghan refugees, in co-ordination with the United Nations High Commissioner for Refugees;
6. *Expresses its appreciation* of the efforts of the Secretary-General in the search for a solution to the problem and hopes that he will continue to extend assistance, including the appointment of a special representative, with a view to promoting a political solution in accordance with the provisions of the present resolution and the exploration of securing appropriate guarantees for non-use of force or threat of use of force against the political independence, sovereignty, territorial integrity and security of all neighbouring States, on the basis of mutual guarantees and strict non-interference in each other's internal affairs and with full regard for the principles of the Charter of the United Nations;
7. *Requests* the Secretary-General to keep Member States and the Security Council concurrently informed on the progress towards the implementation of the present resolution and to submit to Member States a report on the situation at the earliest appropriate opportunity;
8. *Decides* to include in the provisional agenda of its thirty-sixth session the item entitled "The situation in Afghanistan and its implications for international peace and security."

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[1] USUN press release 150.

[2] Adopted on November 20 by a vote of 111 to 22, with 12 abstentions. ■

10th General Assembly of the OAS

Following are the President's and the Secretary's addresses on November 19, 1980, before the 10th General Assembly of the Organization of American States (OAS) held in Washington, D.C., November 19–26.

PRESIDENT CARTER[1]

I speak to you today for the fifth time in an important forum in this hall and, despite considerable efforts to the contrary, I'm afraid also for the last time as President of the United States. I want to say how grateful I am for the privilege of working with all of you and the leaders of your nations. And I want to take a few minutes to assess what we have done together and to describe my own hopes for the future.

On my first visit to the Organization of American States, in April of 1977, I said that no single policy, no single slogan could encompass a region as diverse as ours. I spoke instead of certain principles, a belief in nonintervention and in the sovereignty of nations, a determination to work for human rights and for democracy, a common commitment to deal with global economic issues and to resolve regional political disputes. These principles have helped the United States make its contribution to the new and more balanced relationships that are emerging in our hemisphere.

After 4 years of practical experience, I'm more convinced than ever that the future we desire lies in recognizing yearnings that are common to individuals and to nations alike. As individuals the peoples of the Americas yearn for basic human rights. They desire personal liberty to be free from torture and arbitrary arrest; to participate in making the basic decisions that shape their own future; to have adequate food, health care, and education. And as part of the global community, every nation of the Americas has a desire and a right to help shape the future, not only of our own hemisphere but, indeed, the entire world.

Some would ignore or resist these treasured rights—the rights of individuals and the rights of nations. But the future lies with those who cherish them and who are willing to defend them. Let me speak briefly of the last 4 years.

Many here assisted in the negotiation and the ratification of the Panama Canal treaties. These treaties and their far-reaching impact will endure. They will endure because they are based on the mutual trust and the mutual respect that have been carefully, and sometimes painfully, forged by the people of a small nation and the people of a large nation. They will endure because they serve the interests of all who rely on the Panama Canal. They will endure because they epitomize the broadest possible commitment of my country to a new and a better relationship with the developing nations of the world. They will endure because the treaties serve the cause of peace.

Last month El Salvador and Honduras served the cause of harmony and progress resolving their decades-old border dispute. These two countries, working with former President Bustamante of Peru and with their own Secretary General, have earned the admiration and respect of all those who love peace.

The treaty of Tlatelolco, when completed, will forever ban nuclear weapons from Latin America. I'm proud to have signed protocol one of this treaty on behalf of the United States of America. It's imperative that the remaining nations of our hemisphere put aside their hesitation and join in this vital commitment to ban the spread of nuclear weapons and to set an example for other nations in other regions of the world.

In Nicaragua many of us have been working together to help that country heal its wounds. It's in the interest of all who care about freedom to help the Nicaraguan people chart a pluralistic course that ends bloodshed, respects human rights, and furthers democracy.

El Salvador continues to struggle against terrorists on the right who seek to restore an old tyranny and terrorists on the left who seek to create a new one. That struggle of theirs is ours as well. Their path, the peaceful path of stability and moderation, is precarious, but it's the only path that can lead to both liberty and justice. We must insist upon a strict policy of nonintervention as the people of these two nations design their own future.

For too long, the United States seemed wedded to the status quo—even when that meant a continuation of poverty, social injustice, and even political repression. That attitude betrayed my nation's dynamism and our faith and confidence in the future and that, thank God, has now been changed. We understand and support the necessity of peaceful and moderate political progress in Central America and elsewhere in this hemisphere.

Your governments, throughout the hemisphere, have also worked to improve the prospects for economic development. We've strengthened the Inter-American Development Bank and the World Bank. We've reduced trade barriers by expanding generalized tariff preferences and eliminating the discriminatory provision against Venezuela and Ecuador. We've worked to stablize commodity prices by a Common Fund and individual commodity agreements on sugar and coffee and cocoa. Regional cooperation has been invigorated—in the Andean pact, with the Caribbean group, and, most dramatically, with Venezuelan-Mexican assistance for the Caribbean basin. Through my own personal participation, and through the influence of my country, we have worked to strengthen and to expand the beneficial influence of this Organization of American States.

Progress on Human Rights

As all of you know, the cause that has been closest to my own heart is the cause of human rights. I'm convinced that a new conscience has been awakened. That conscience serves a concept of human rights that is not unique to any country, nor even just to this hemisphere, but is universal. In this hemisphere, since 1977, 13 countries have ratified the embodiment of that concept—the American Convention on Human Rights. This has brought the convention into force and has created an inter-American court to judge human rights violations. In addition, the Inter-American Commission on Human Rights is more effective today than it was 4 years ago. It deserves our strongest continuing moral and financial support.

Today, no government in this hemisphere can expect silent assent from its neighbors if it tramples the rights of its own citizens. The costs of repression have increased but so have the benefits of respecting human rights. I pray that this progress will continue, although I

Services would attract the most qualified candidates so that "we can choose our men by the only good method—that is, by keen competition." He hoped for creation of "a real diplomatic career, which is open to any American citizen who has the necessary qualifications."

The Rogers Act, which became law on May 24, 1924, codified the reform of the foreign services. It established a career organization based on competitive examination and merit promotion. To eliminate invidious distinctions between the Consular and Diplomatic Services, the two groups were amalgamated into a unified organization whose members were made available for both types of activities. Henceforth, members of what was now called the "Foreign Service of the United States of America" would be commissioned in a given class with specified salaries rather than to overseas missions or posts. Salaries would range from $3,000 for the lowest level, Class 9, to $9,000 for Class 1. Officers would be placed in positions for 3 years with the presumption of regular rotation to other assignments. The Rogers Act granted regular home leave and set up a good retirement system. It also authorized representational expenses, although these allowances were not granted until 1931. A special reinstatement provision permitted career officers who became chiefs of mission to remain in the Foreign Service after completing their tours of duty. Earlier they had been required to resign without assurance of a future Presidential appointment to other responsible duties, a sure way of discarding the most experienced and competent officers at the height of their abilities.

Related actions helped support the fundamental objectives of the Rogers Act. In 1925 the Foreign Service School was founded to provide specialized training in languages and other necessary skills—recognition that modern complexities of function required educational updating at all stages of a career in the Foreign Service. In 1926 Congress passed the Foreign Service Buildings Act, an improvement of the Lowden Act. It permitted purchase or construction of buildings overseas for the use of missions and consulates. This measure further lessened the need to possess independent means in order to rise to the highest levels of the Foreign Service.

Foreign Relations of the United States

In 1861 Secretary of State William H. Seward decided to publish his important diplomatic despatches. This decision established the policy of publishing the record of American diplomacy. The documentary publication entitled *Foreign Relations of the United States* is the oldest and most extensive enterprise of its kind.

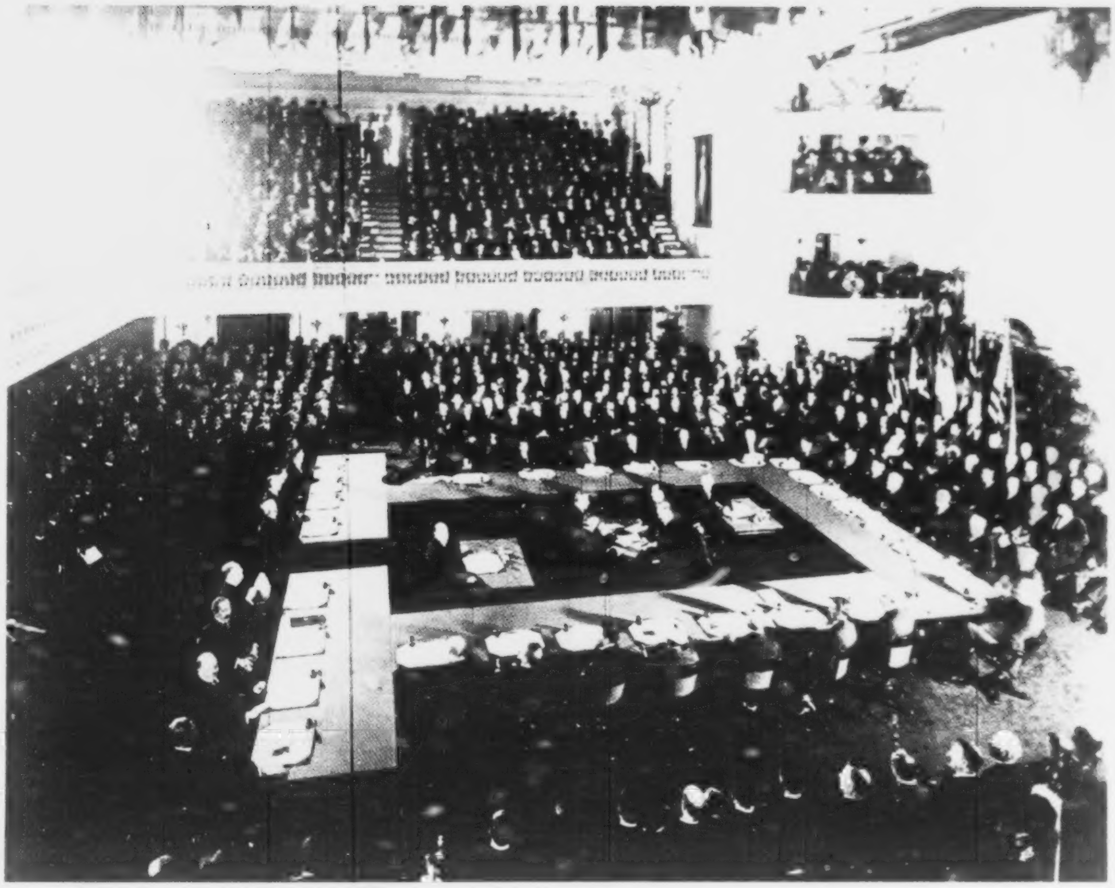
The editors of the *Foreign Relations* series include in volumes "all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies." The editors are enjoined to honor "the principles of historical objectivity." They may not omit information "for the purpose of concealing or glossing over what might be regarded by some as a defect of policy."

In addition to annual volumes for every year except 1869, certain special sets have been prepared, covering important topics such as the Paris Peace Conference of 1919 and the summit meetings of the Second World War. To date 283 volumes have been published. Volumes covering the 1950s are now beginning to appear.

Certain defects of the Rogers Act became apparent after a few years, especially inequities in the promotion of people serving in consular assignments, and Congress moved to correct them in 1931. The Moses-Linthicum Act reorganized the Board of Foreign Service Personnel to insure impartial promotion practices. Other sections of the law improved salaries, authorized paid annual leave and sick leave, set up an improved retirement system, and conferred career status on clerks in the Foreign Service. Unfortunately many of these gains proved transient. Economies in government that accompanied the Great Depression led to suspension of promotion, a reduction of 15% in salaries, abolition of representational and living allowances, elimination of paid home leaves, and suspension of recruiting for 4 years. The result was a 10% reduction in the size of the service between July 1932 and December 1934.

The Department of State did not undergo a thorough structural reorganization after the First World War. In 1924 the Secretary, who had final responsibility for policy and administration, had relatively few senior officials to help him. The Under Secretary provided support on policies of special import. Three Assistant Secretaries helped with certain matters—the First Assistant Secretary with economic and financial questions, the Second Assistant Secretary with international law and related questions, and the Third Assistant Secretary with administration. The Chief Clerk supervised the Department's clerks and looked after its property. The Director of the Consular Service served as budget officer for the Department as well as the principal consular official. The Solicitor handled legal business, and the Economic Adviser made recommendations concerning international trade and finance. Five geographic bureaus maintained communications between Washington and missions abroad. Various other organizations, such as the Division of Passport Control and the Bureau of Accounts, provided various types of support.

From time to time modifications were made in the basic structure created in 1909. New divisions or bureaus were created on occasion to manage new functions or to improve established ones. For example, a Division of Publications was established in 1921 to centralize work on informational projects such as the documentary series *Foreign Relations of the United States*. In 1929 a Division of International Conferences and Protocol was formed to cope with a considerable increase in the number of multilateral negotiations that occurred during the postwar decade and after. In 1938 a Division of Cultural Relations appeared that dealt with a new form of activity—cultural diplomacy—and also a Division of International Communications that provided modern telecommunications.



Despite rejection of the Versailles Treaty and the League of Nations, the United States hosted the Washington Naval Disarmamert Conference in 1921–22. Representatives of nine nations reached agreements to limit naval construction and to respect each other's interests in the Far East. (Library of Congress photo)

In the absence of an overall reorganization, these changes, however helpful in themselves, did not make sufficient impact. The failure to modernize the Department of State reflected the general decline in the nation's commitment to an energetic foreign policy after the Senate repudiated the Treaty of Versailles. President Wilson was the first American leader to develop an international vision that cast the United States in the role of global leader, but the nation was not yet prepared to accept permanent international responsibilities commensurate with its power. Charles G. Dawes, who served as Ambassador to Great Britain during the Administration of President Herbert Hoover (1929–33), could say only half humorously that being an ambassador was hard on the feet and easy on the brain.

During the 1920s Americans stoutly resisted international commitments of a truly binding character. Largely because of leadership from Secretary of State Charles Evans Hughes, the Administration of President Warren G. Harding sponsored the Washington Naval Disarmament Conference of 1921–22, and Secretary of State Frank Kellogg, who served President Calvin Coolidge, played a leading role in the creation of the Paris Peace Pact (1928), a multilateral instrument that outlawed offensive warfare. But these accomplishments did not alter the strongly isolationist cast of American foreign policy—a reversion that stemmed not only from disillusionment after the First World War but from the absence of apparent challenges to national security. Clear and present dangers materialized after 1929 during the Great Depression. These massive economic shocks reinforced the country's isolationist inclinations during the rise of totalitarianism.

The consequence of these developments for the Department of State and the Foreign Service was a tendency to accept the relatively low priority attached to international affairs during the "long armistice" from 1919 to 1939. In the 1920s the Department of Commerce rather than the Department of State provided leadership in sponsoring expanded international trade and investment. During the early years of President Franklin D. Roosevelt's New Deal in the 1930s, the Secretary of State, Cordell Hull of Tennessee, strongly supported efforts to reduce barriers to international trade, but this enterprise was not by itself sufficient to combat the Depression or deter German aggression in Europe and Japanese expansion in East Asia.

The Department of State grew slowly during the interwar years. Between 1920 and 1930, the domestic work force increased from 708 to only 714, the Foreign Service from 514 to 633, and annual expenditures from $13.6 million to $14 million. The functions of the Foreign Service did not change materially. Its members devoted themselves to representation, negotiation, reporting, protection of American citizens and their interests, trade promotion, and consular tasks. One historian has described the generally backward state of the organization when Secretary Hull assumed control. "In 1933 the Department was small, placid, comfortably adjusted to the lethargic diplomacy of the preceding decade, and suffused with

Charles Evans Hughes served as Secretary of State from 1921 to 1925. His opening speech to the Washington conference on the limitation of armaments proposed naval restrictions that "sank" more ships in 15 minutes "than all the admirals of the world have sunk in a cycle of centuries." He later became Chief Justice of the Supreme Court. (Department of State photo)

President Carter and Human Rights

President Carter made human rights one of the cornerstones of his foreign policy. In his Inaugural Address, delivered on January 20, 1977, he set the tone for his later activity in this respect.

"To be true to ourselves, we must be true to others. We will not behave in foreign places so as to violate our rules and standards here at home, for we know that the trust which our nation earns is essential to our strength.

"The world itself is now dominated by a new spirit. Peoples more numerous and more politically aware are craving, and now demanding, their place in the sun—not just for the benefit of their own physical condition but for basic human rights.

"The passion for freedom is on the rise. Tapping this new spirit, there can be no nobler nor more ambitious task for America to undertake on this day of a new beginning than to help shape a just and peaceful world that is truly humane."

strength to support its foreign policy while at the same time seeking arms control and disarmament; and it should constantly manifest "willingness to negotiate," abandoning the postwar tendency to reject the likelihood of successful diplomatic contacts with Communist nations.

President Nixon, acting on these principles, pursued two important enterprises that culminated in 1972. In February he visited Peking, setting in motion a long-term movement toward normalization of relations with the Chinese People's Republic. In May he traveled to the Soviet Union and signed agreements that contained the results of the first Strategic Arms Limitation Talks (SALT I). New negotiations were begun to extend arms control and disarmament measures (SALT II). These developments inaugurated a period of "detente" that accorded with a general tendency among the American people to favor a lowered profile in world affairs after the chastening experience in Vietnam that ended in 1975 with the last withdrawal of American personnel.

Improvements in relations with the Soviet Union and the Chinese People's Republic, signaling a possible end to the cold war, did not lead to general improvement in the international climate. The international economy experienced considerable instability, leading to a significant modification of the international financial system that had been set up at the end of World War II. A keystone of that system was a stable U.S. dollar, to which other nations pegged their currencies. The dollar eventually came under severe attack, especially after adverse developments in the international balance of payments. In 1971 the dollar was devalued, a decision that inaugurated a period of unstable currency exchange rates. Two years later the international economy suffered another blow when, after Israel and Egypt fought a fourth war, the Arab oil-producing nations instituted a boycott of oil shipments to important consumers, particularly in Europe and East Asia. Henry A. Kissinger, appointed Secretary of State in October 1973, became deeply involved in efforts to resolve the longstanding dispute between Israel and its Arab neighbors.

After President Jimmy Carter took office in 1977, he and his Secretaries of State, Cyrus R. Vance of New York and Edmund S. Muskie of Maine, continued the search for further arms control agreements with the Soviet Union and for restoration of political stability in the turbulent Middle East. President Carter's most distinctive modification of general foreign policy was his energetic promotion of international human rights.

As the nation passed through the 1970s the Department of State came to grips with certain new challenges as it made adjustments to the changing pattern of world politics. Among these challenges four deserve special mention. Continuing attempts have been made to achieve effective managerial and personnel arrangements. The Congress has asserted considerable influence in the foreign policy process, a significant departure from prior practice. Efforts have been undertaken to meet the requirements of equal employment opportunity. Finally, an outburst of international terrorism has exposed the Foreign Service to great danger in many parts of the world.

Growing concern about the efficiency of the Department of State during the late 1960s ultimately led to a major self-study conducted in 1970. Thirteen task forces of Foreign Service and Department employees thoroughly investigated all activities and produced the report, *Diplomacy for the 70's*, that made many recommendations. The task forces traced the difficulties of the Department to "weakness in the area of management capability." The agency still lacked the modern managerial know-how required for efficient operations in the complex environment of the modern world. "Because of the diversity and complexity of our overseas activities, effective coordination calls for a wide range of management skills and management tools. The traditional reliance of Foreign Service officers on experience and tradition is no longer good enough." What was required? "The diplomacy of the seventies calls for a new breed of diplomat-manager, just as able as the best of the old school, but equipped with up-to-date techniques and backed by a Department organized on modern management principles."

Members of the Foreign Service had been bombarded ever since the Second World War with call after call for change in their professional attitudes and activities. For example, Senator J. William Fulbright of Arkansas, the Chairman of the Senate's Committee on Foreign Relations, noted in 1964 that a contemporary Foreign Service officer "must not only know how to use the traditional tools of diplomacy, but . . . must also be expert in the new instruments of foreign policy such as economic aid and cultural exchanges." To maintain professional proficiency the modern diplomat must constantly acquire additional education. "If there is a continuous process of improvement in the people involved in implementing foreign policy, the procedures and techniques employed will be improved as a natural by-product."

Diplomacy for the 70's called for "a new spirit in the Department." One of the task forces insisted that the times required "a tremendous effort . . . to shake off old habits, old ways of doing things, old ways of dealing with each other. What we are proposing is a change of outlook and method." The report concluded: "The traditional mode of reflection and detachment cultivated by diplomats trained in the old school must be reinforced by a more dynamic and aggressive style if the Department is to play the role which the President expects of it."

Not everyone welcomed such views. One historian notes that some Foreign Service officers opposed radical change, considering themselves "an embattled and misunderstood elite who functioned as political reporters and policy planners." Rather than retooling for changing responsibilities, these officers sometimes argued through their professional organization, the American Foreign Service Association, that the Foreign Service should be given increased political responsibility by placing career officers in high-level positions at home and abroad.

The conflict between those who defended the older model and those who wanted to modernize the Foreign Service found expression in a long-standing dispute over whether Foreign Service officers should be generalists or specialists. Those opposed to change argued that the diplomat should continue to rely primarily on general experience and intuition. Those interested in reform claimed that the future belonged to specialists with advanced training. Henry Wriston called for balance. Specialized skills were essential in the modern era, but it seemed evident that specialists tended "to become so narrow as to lose perspective; then each specialism conceives of its own bailiwick as 'most vital.'" Wriston concluded that "no rule of thumb can establish the proper balance" between general and special skills. He believed that the best specialists would "broaden rather than narrow their interests with experience and on becoming senior officers [would] prove to be good generalists."

This outlook is reflected in the most recent attempt to resolve the personnel problems of the Department of State—the Foreign Service Act of 1980. Its principal provisions represent a turn away from the effort to establish an integrated Foreign Service; henceforth employees of the Department of State who are not liable for overseas service, including specialists formerly placed in the Foreign Service Reserve, will be members of the Civil Service. When the act is put into effect, it will produce a Foreign Service of 6,850 people and a domestic work force of 3,800 people, a total of approximately 10,650 employees. The act seeks to encourage qualities in the Foreign Service that are essential to the modern practice of diplomacy. Under Secretary of State David D. Newsom summarized these qualities in 1978: "An understanding of our own nation; a balanced sensitivity to other societies and peoples; a firm grasp of the subject matter of international relations; and the skill to bring this knowledge together in advancing both the interests of our country and the establishment of working understandings with others."

Expenditures 1781–1980

1781	$57,309*
1791	57,619.23
1800	294,894.31
1810	118,782.07
1820	340,698.03
1830	432,200.69
1840	890,273.22
1850	716,521.03
1860	1,264,946.22
1870	1,681,174.53
1880	1,343,241.80
1890	1,773,066.75
1900	3,356,173.87
1910	4,909,557.77
1920	13,590,288.51
1930	13,986,172.82
1940	21,003,329.49
1950	350,855,773.75
1960	246,625,626.02
1970	447,753,719.37
1980	2,354,130,275.65

*Exclusive of Contingencies.

The principle of executive predominance in the conduct of foreign relations was not seriously challenged until recent times, but the need to finance economic assistance and other important aspects of an active foreign policy has upgraded the role of Congress in the foreign policy process. Recognizing this development, the Department of State designated an Assistant Secretary for Congressional Relations in 1949 to improve liaison with Capitol Hill. Bipartisan approaches to foreign affairs minimized executive-legislative tensions during the earlier postwar years, but burgeoning public opposition to the war in Vietnam during the 1960s caused Congress to question executive behavior and even to sponsor international activities on its own.

The most significant initiative of Congress has been in the field of international human rights. Seeking to stimulate more active support of oppressed people, Congress enacted a series of statutes during the 1970s that placed legislative constraints on various types of economic and military assistance to governments that consistently violated internationally accepted human rights. Differences of view between the legislative and executive branches narrowed when President Jimmy Carter expressed strong support for an active human rights policy.

In other respects, however, President Carter encountered congressional resistance. The Senate manifested considerable reluctance to accept a treaty providing for the return of the Panama Canal Zone to Panama before finally giving its consent. Even greater Senatorial doubts about the SALT II Treaty, reinforced by the Soviet invasion of Afghanistan in December 1979, caused the President to postpone further consideration of the agreement.

During the 1960s the activities of the civil rights movement in the United States led to the passage of legislation designed to insure equal employment opportunity in the Federal Government, and the Department of State undertook to meet its responsibilities in this respect. Much needed to be done. Although women and members of minorities had long formed part of the Department of State, they were seriously underrepresented, particularly in the higher ranks.

The Department of State first appointed women to full-time positions in 1874, but they were deemed unqualified for other than clerical duties. In 1905, for example, Assistant Secretary Frederick Van Dyne said: "The greatest obstacle to the employment of women as diplomatic agents is their well known inability to keep a secret." The first woman to achieve supervisory rank was Margaret Hanna, who

24. William Henry Seward
1861–69

25. Elihu Benjamin Washburne
1869

26. Hamilton Fish
1869–77

27. William Maxwell Evarts
1877–81

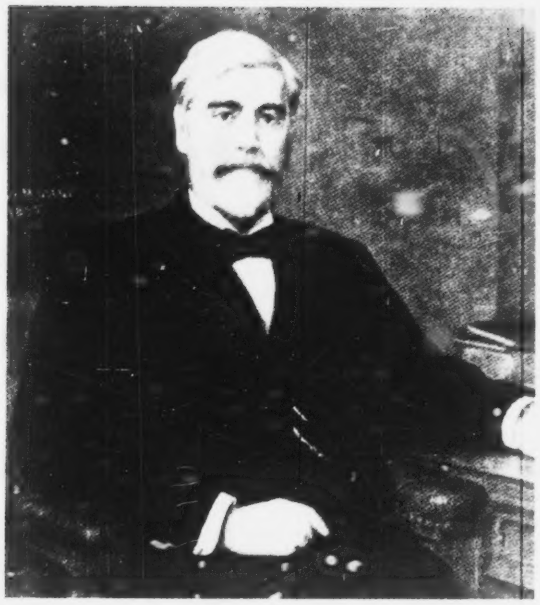
28. James Gillespie Blaine
1881

29. Frederick Theodore
Frelinghuysen 1881–85

30. Thomas Francis Bayard
1885–89

31. James Gillespie Blaine
1889–92

32. John Watson Foster
1892–93



33. Walter Quintin Gresham
1893–95

34. Richard Olney
1895–97

35. John Sherman
1897–98

36. William Rufus Day
1898

37. John Hay
1898–1905

38. Elihu Root
1905–09

39. Robert Bacon
1909

40. Philander Chase Knox
1909–13

41. William Jennings Bryan
1913–15

U.S.-Israel Oil Agreement

In a ceremony at the White House on October 17, 1980, President Carter and Israeli Minister Yitzhak Modai signed the Contingency Implementing Arrangements for the June 22, 1979, Memorandum of Agreement between Israel and the United States.

Following are remarks made by the President and Minister Modai on that occasion, texts of the agreement and the June 22, 1979, Memorandum of Agreement, with annex, and a Department fact sheet.

REMARKS AT SIGNING CEREMONY[1]

President Carter

I'm very pleased to announce this morning the completion of our contingency arrangements for assuring Israel's oil-supply security.

These arrangements further fulfill a promise that I made last year in connection with Israel's withdrawal from the Gulf of Suez oil fields and its conclusion of the treaty of peace with Egypt. In making peace, Israel committed itself to dependence solely on imported oil—a very bold and courageous and generous decision in this troubled time. At the time of Israel's withdrawal, in 1975, from a portion of the Egyptian Sinai, the United States gave assurance that Israel would count on our help and could depend on us if it could not attain oil during its own efforts.

We renewed and extended this duration of the assurance in June of 1979, so that the establishment of peace with Egypt would not lessen Israel's long-range energy security. Now we have spelled out the emergency conditions under which the 1979 oil-supply agreement may be activated. This contingency plan is a carefully defined understanding between friends, designed to insure that all relevant concerns are taken into account. Both our nations hope this agreement will never have to be activated, but if it should become necessary, the United States will be a steadfast and dependable friend of Israel.

This agreement is one aspect of what I hope will be a broad range of cooperation in strengthening Israel's energy security. We're exploring now how we might work together further on research and development and for new energy technologies, especially shale oil extraction and the use of solar power for energy.

Our cooperation in energy and in other fields is for the cause of peace. It is against no nation. It is for the people who yearn for a secure future. It is in this spirit that I congratulate the negotiators of the oil supply understandings and invite now Secretary Muskie, representing the United States of America, and Minister Modai, representing the great nation of Israel, to proceed with the signing of the appropriate documents.

[At this point, Secretary of State Edmund S. Muskie and Israeli Minister of Energy and Infrastructure Yitzhak Modai signed the "Contingency Implementing Arrangements for the Memorandum of Agreement of June 22, 1979 Between Israel and the United States."]

Minister Modai

The peace agreement between Israel and Egypt is probably the most important event, certainly in the Middle East, but probably also in the entire world in this generation.

It came about due to the leadership of Prime Minister Ben-Gurion (Begin)[2], President Sadat, and through the devoted efforts and active participation of yourself.

The State of Israel, in order to achieve this peace agreement, has made very large sacrifices. A major sacrifice was the relinquishing of the Alma oil field, which we discovered and developed, and this, in addition to giving up the Abu Rudeis oil field as part of the interim agreement in 1975.

Now you and the Congress understood the big risk taken by the State of Israel in giving up its opportunity for oil self-sufficiency and, therefore, an agreement that guarantees oil supply to Israel was signed in June of 1979. Now, that agreement did not contain the specifications of the conditions in which that agreement could have been activated and, therefore, we felt—we in Israel felt—that we need to have a better definition of which are the conditions in which your guarantee will come into effect. After tedious, long negotiations—over a year—we are finally signing, here today, the specifications under which that agreement will come into effect.

That is certainly the completion of a promise, I may say, of an offer made by you when you were in Israel; I believe in February of 1979.

Obviously, nobody can foresee future developments in the next 15—now it's only 14—years, but we are very happy to have a document which is so clear, so detailed, and which relates to such a vital and delicate issue. I would like to thank you, Mr. President, you Mr. Secretary, and your staffs for a job so very well done.

President Carter

I'd like to say to the press that following this ceremony, or perhaps already, the details of the agreement will be described. Has that been done yet? It will be done. So, your questions about the detailed agreement will be answered after this meeting.

I would like to say, informally but sincerely, on behalf of the American people, that we are very proud to have this agreement. The proposal was made voluntarily by me, on my own initiative, when I was in Jerusalem at the time when we were trying to bring to a conclusion the basic elements of the peace treaty between Israel and Egypt. Israel has taken a courageous step in bringing peace to that entire area by voluntarily giving up control of and the use of these oil wells, some of which they, themselves, discovered and developed.

We anticipate that Israel will continue to receive their oil from present sources, but if those supplies should be interrupted or if exorbitant prices should be imposed upon Israel, above and beyond normal marketing prices as described in this detailed document, then the United States will meet this obligation to our friend, the Government of Israel.

I consider this to be not only an investment in the security of Israel but also a very sound investment in the security of the United States of America. And it's a further demonstration of our unfaltering commitment and steady progress toward the comprehensive peace in the Middle East, which all of us so deeply desire, based upon the security of Israel, in every sense and meaning of that word.

Mr. Minister, thank you very much for your coming here to conclude this document. And I hope you'll extend my best wishes to Prime Minister Begin and to all the officials of Israel who've made this progress possible.

TEXT OF AGREEMENT[3]

CONTINGENCY IMPLEMENTING ARRANGEMENTS FOR THE MEMORANDUM OF AGREEMENT OF JUNE 22, 1979 BETWEEN ISRAEL AND THE UNITED STATES

1. This agreement is to specify the conditions for the activation of the June 22, 1979, Memorandum of Agreement (MOA) between the United States and Israel on oil supply and the means by which the MOA would be implemented.

2. Pursuant to paragraph 1 of the MOA, Israel may give notification to the United States Department of State (Bureau of Near Eastern and South Asian Affairs). The notification is to include the information Israel deems necessary to substantiate its view that it is unable to secure its needs, or some part thereof, through normal procedures. Supporting documentation is to be provided on request. Consultations between the United States and Israel would then take place as soon as possible, and in no event later than two weeks following notification, to confirm that Israel is unable to supply its requirements by normal procedures. Upon this confirmation, implementation would proceed, Israel's supply right and allocation right would be established and the United States would make oil available to Israel as soon as practicable after notification. The United States will make every effort to ensure that this period is less than 60 days.

3. Absent a shortfall in the amount of oil physically available to Israel on the world market, the MOA could be activated when Israel:

(a) is paying for all its imported oil an average price higher than the average cost of the most expensive 20% of crude oil imported into the United States; and

(b) has to buy at least 60% of its oil through short-term, indirect purchases.

The time period for measurement of these factors would be the 90 days preceding notification.

4. If Israel were to lose one of its two existing main sources of long-term supply (or a replacement source providing 22% or more of Israel's oil imports), notwithstanding Israel's reasonable efforts to retain said sources of supply, without immediately replacing it with an equivalent source, the MOA could be activated immediately. Israel's allocation right during activation pursuant to this paragraph would be equal to 120 days of supply from the lost main source, following which the MOA would be deactivated unless the conditions of paragraph 3 have been met. The United States and Israel would seek to measure the factors for an activation under paragraph 3 without including oil which may be made available from the United States pursuant to this paragraph. If this paragraph is activated under section 1(b) of the MOA, Israel's allocation right would be adjusted in accordance with paragraphs 6 and 7 hereof.

5. Israel's shortfall and supply right under section 1(a) of the MOA would be determined by comparing actual and expected deliveries of oil secured through normal procedures with current normal domestic requirements. The allocation right as determined pursuant to the above should include such oil as may be necessary to maintain its reserves at a level of six months of consumption.

6. Under section 1(b), if the IEA General Trigger emergency procedures have not been activated, Israel would sustain from its consumption a reduction in its oil supplies up to a level of 7% in accordance with applicable IEA Selective Trigger Rules. The United States would thereafter meet any shortfall in Israel's normal requirements. Should the IEA General Trigger emergency procedures be activated, the U.S. Government would make oil available for purchase by Israel in accordance with the IEA General Allocation formula. The formula requires:

(a) demand restraint measures which reduce consumption by 7% or 10% depending on the loss of supplies in the IEA area; and

(b) a proportional drawdown of stocks after imposition of the demand restraint measures.

The United States will keep Israel informed of any changes in the IEA emergency measures and procedures relevant to the MOA and any interpretations thereof.

7. Once the General Trigger is activated, demand restraint for Israel would be calculated using the same base period as that used by IEA countries. The Emergency Reserve Drawdown Obligation (ERDO) for Israel would be calculated using the IEA formula as if Israel has the same reserve obligation as a member nation. The IEA currently requires an emergency reserve commitment for each country equivalent to 90 days of imports for domestic consumption.

On this basis, an ERDO would be calculated for Israel and, in turn, a supply right derived. Israel's allocation right would be calculated by subtracting available supplies from its supply right. The allocation right would determine the amount of oil to be supplied to Israel under the MOA. The initial supply right would be calculated as of the date of notification under the MOA.

8. After activation, United States and Israeli experts would meet every three months, or more often on request, to review Israel's oil supply situation and its attempts to obtain oil and to adjust Israel's allocation right accordingly. Israel's allocation right would be adjusted to the extent oil is available to Israel under normal procedures. Israel would continue to make its best efforts to secure oil independently in such manner as to reduce or eliminate its dependency on oil made available by the United States under the MOA. When Israel's allocation right is reduced or eliminated, the United States would take appropriate measures to adjust or end its arrangements for oil supply to Israel in an orderly fashion.

9. Although the actual sequence and methods of supply would depend on the conditions existing at the time, the United States affirms that, in its current judgment, the following options are the most practical means of supplying oil to Israel pursuant to sections 1(a) and 1(b) of the MOA:

(a) The United States would first try to use its good offices with other nations and with private companies to arrange for alternative foreign sources of supply for sales to Israel. Price and other terms would be worked out between the supplier and Israel.

(b) If option A is not sufficient, the United States could attempt to buy oil on the world market for resale to Israel at cost. The United States would seek the most reasonably priced oil available.

(c) If there is no other more suitable alternative, the United States currently foresees fulfilling its obligations under the MOA by making oil available to Israel through swaps or direct sale of domestically produced oil.

10. In any of these arrangements the United States will, to the extent possible, take into account the types of crude oil most suitable to meet Israel's requirement as well as commercial and logistic considerations. It is recognized that the API mix of the oil supplies could cause slight variations in the total amount of oil required.

11. Under the terms of the MOA,

know from experience that progress is not always easy as we defend human rights.

Some claim that Jimmy Carter elevated human rights and democracy on the inter-American agenda and that the agenda will change when I leave my office. They are wrong. Hemispheric support for human rights is a historic movement—a movement that has been recognized this year in the Nobel peace prize. I take pride in being part of that movement. The cause of human rights will be all the stronger if it remains at the service of humanity, rather than at the service of ideological or partisan ends, and if it condemns both terrorism and repression.

In the phrase "human rights," the "rights" are important. The "human" is *very* important. As a citizen of the Americas, I'm deeply encouraged by the trend toward greater democratization. I'm heartened that in many countries, thousands of people who were political prisoners just 4 years ago are now free. Those who see a contradiction between our security and our humanitarian interests forget that the basis for a secure and a stable society is the bond of trust between a government and its own people.

The future of our hemisphere is not to be found in authoritarianism that wears the mask of common consent nor totalitarianism that wears the mask of justice. Instead, let us find our future in the human face of democracy—the human voice of individual liberty and the human hand of economic development. If we build on the best of what we have begun, we can see a better time at the end of this decade. We can see a time when longstanding disputes like Belize, Bolivian access to the sea, and the Beagle Channel dispute between Argentina and Chile have been settled in a spirit of cooperation and justice. We can see a time when the treaty of Tlatelolco has come into force and other regions have followed the lead of Latin America in banning nuclear weapons. We can see a time when human rights are no longer threatened by the violence of either governments or terrorists and when every government responds to the will of its people, expressed through democratic institutions. We can see a time when nations have cooperated, in the OAS and elsewhere, to develop just and fair ways of dealing with the migration of people, a time when no nation disregards the immigration laws of its neighbor and many nations offer a haven to the few who still need such a place to dwell. And we can see a time when today's aspirations for greater economic development and cooperation have become living realities through common action inspired by this body and its experts.

Let me conclude on a personal note. My interest in Latin America and the Caribbean and in human rights and in democracy did not begin 4 years ago. And my interest will not end on January the 20th, next year. I will continue to speak out for the universal ideals which are embodied in our hearts and in the American Convention on Human Rights. I will continue to work with you—my friends— to make this hemisphere and the world more just, more secure, and more free.

SECRETARY MUSKIE[2]

I'm delighted to join you in this historic forum—the world's first and oldest continuing regional association—and to underscore the remarks which President Carter made this morning. About one fact, I have no illusions: My country's recent election changes greatly the atmosphere in which you and I meet. We in the United States have an unpleasant metaphor for political officials who are on their way out of office: We call them "lame ducks." And I have observed, in more than two decades of political life, that people find it difficult to hear the call of the lame duck.

I do not intend to let this deter me today. Two decades in public life have taught me another lesson as well: that certain issues, certain realities, persist no matter what Administration is in office. The agenda that confronts you and me and our fellow citizens in this hemisphere is chosen by us only in part; for the most part, it is determined by a combination of long-term national interests and pressing current events.

Today I want to talk with you about certain great issues that were with us before this Administration took office and that will just as certainly shape the course of our relations in the future. I want to stress—as President Carter stressed this morning—the essential continuing U.S. policy.

The Changed Environment

What is most obvious as we gather today is the profoundly changed environment in which our relations are conducted. President Carter touched this morning upon many of the significant and welcome changes which have marked the past 4 years: the Panama Canal treaties, the Latin American nuclear-weapons-free zone, the work of the Inter-American Human Rights Commission. I would add to that list the emergence of independent states in the Caribbean, the vigorous spread of industrialization, the rise of several Spanish-speaking republics and of Brazil as major world forces.

All these developments have introduced new balance into inter-American affairs. They underscore that your countries are gaining real power to contribute to regional development and that we respect and welcome your contributions. And these developments, taken together, can be the foundation for improved cooperation among us all in the future. Several hopeful trends are already visible.

- Subregional integration has become a key focus for both growth and broader cooperation—from Central America to the Andean group and from the Caribbean to the River Plate Basin.

- Important initiatives have been launched by Mexico and Venezuela jointly, and separately by Trinidad and Tobago, to supply energy to their neighbors.

Yet this is only the beginning. During the next two decades—the last years of the 20th century—our successors will face changes even more sweeping than those we have witnessed over the past 20 years. The economic growth of Latin America over the past two decades has been impressive, and this is only the beginning. The potential for the rest of the century is just as promising. In fact, the *Global 2000 Report to the President*, recently prepared under the auspices of our government, projects that Latin America will be the fastest growing part of the world as we near the year 2000. This suggests that better regional approaches to development will be particularly important to our future cooperation.

Today, I want to emphasize the thought that better cooperation for development will depend largely on our ability to live by three fundamental principles that strongly influence the climate for cooperation: the principles of support for human rights; of nonintervention and collective security; and of peaceful settlement of disputes.

Human Rights

Let me emphasize, as strongly as I know how, what President Carter said this morning: Support for human rights—economic and political, as well as individual, rights—is not a matter of transitory political emphasis for the United States; it is ingrained in our national life. The most consistent thread of belief in our history is the belief that governments should be the peoples' servant, not their master. For this simple but fundamental reason, I think it is safe to assert that the United States will continue to work to strengthen and increase respect for human rights as a fundamental norm of international cooperation.

All of us can be justifiably proud of our hemisphere's recent progress in this area. Those who would ignore, deny, or abuse individual rights are in retreat. The Inter-American Human Rights Commission deserves our special salute. Its documents and studies have begun to provide an invaluable and dispassionate basis for our joint consideration.

The collective rededication of the Americas to human rights is a major reason I look to the future of our region with optimism. Societies where basic human rights are respected are more stable and more productive, more confident and more creative. They make better friends and stronger allies. So I would assert that support for human rights is both a prerequisite for future cooperation and progress between us and a motive force toward success in all our mutual efforts.

Nonintervention

The second fundamental principle for cooperation in the hemisphere is the principle of nonintervention. Effective international cooperation, particularly among states as richly varied as those of this hemisphere, is possible only if the rights of states are recognized. The very existence of this organization is due to men like Baltasar Brum and Carlos Saavedra Lamas, jurists whose wisdom helped develop the principle of nonintervention by one state in the internal affairs of another.

This principle is fundamental. As our hemisphere has become more politically diverse, differences of outlook have sometimes contributed to tensions among states. But our growing acceptance of political pluralism, both within and among countries, has proved important toward reducing such tensions.

We have explicitly committed ourselves through the Rio treaty to undertake collective action against the most blatant form of intervention—armed aggression. Other forms of intervention, however, can be just as damaging to national independence. The external provision of weapons, military training, or safehavens to armed insurgents is an insidious form of intervention—one all the more troubling for its indirection. Our regional organization needs to examine this pressing problem and devise ways to help the member states stop it.

Peaceful Settlement

Development has few enemies greater than fratricidal conflict. Peacemaking efforts are the third key to the future development of our countries. For our part, the United States is irrevocably committed to the peaceful settlement of disputes. Over the last 2 years, the Panama Canal treaties have become a symbol of that commitment. The United States has made clear its willingness to deal with all nations, large and small, on a basis of mutual respect. Yesterday, in this hall, we honored a similar contribution to peace and development—the treaty of peace between El Salvador and Honduras. In both cases, this organization deserves major credit for helping to bring the concerned parties together in negotiations.

But even as we celebrate these forward steps, many other potentially disruptive territorial disputes remain unsettled in the hemisphere. Settling them peacefully must be a high priority concern for us all and for this organization in particular.

The principle of peaceful settlement of disputes could also be applied to certain other problems. President Carter this morning reaffirmed our country's commitment to the goal of the treaty of Tlatelolco, which calls for Latin America to be kept free of nuclear weapons. This treaty could serve as a precedent for similar arrangements to limit the dangers of conventional military technology.

We are convinced that balanced restraints on conventional weapons, whether negotiated regionally or subregionally, could reduce tensions, enhance the security of nations, and reaffirm our mutual commitment to peaceful development.

Cooperation for Development

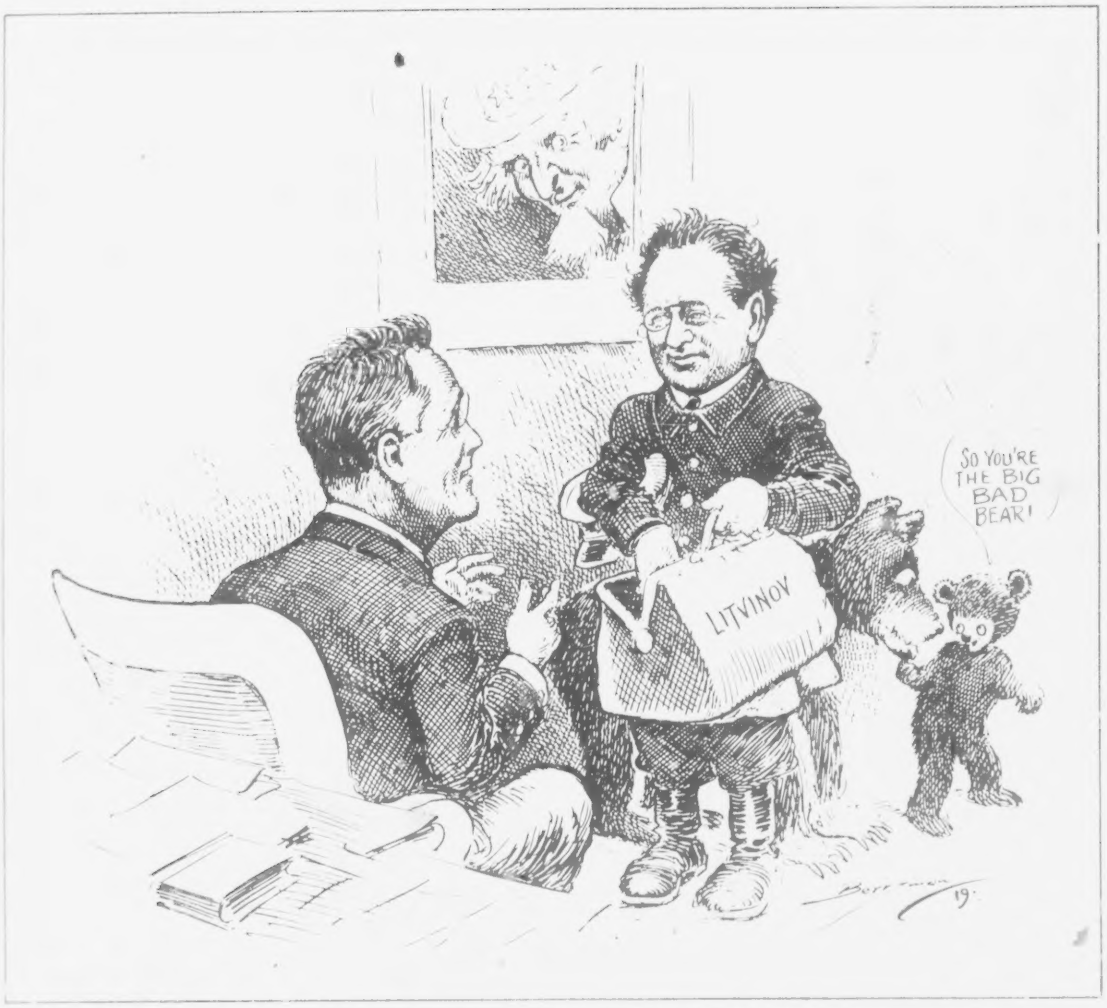
Can we build a future of regional cooperation for economic development, based on fidelity to these fundamental principles? Let us be candid: The only honest answer possible is "perhaps." The dream of cooperative economic development is at once our hemisphere's brightest promise and the area of our greatest disappointment.

The OAS has contributed significantly to international law, to the Western Hemisphere's unique record of peacekeeping, and to our recent progress in strengthening support for human rights. But the plain truth is that we have done far too little through the OAS to capitalize on our joint potential for economic progress.

The moral imperative for action is clear, for ours is a hemisphere still marked by major inequalities among and within countries. Our basic principles simply cannot be fulfilled without more effective cooperation for economic development. And the practical imperative is as compelling as the moral one: Our combined efforts could dramatically improve the lives of all our citizens.

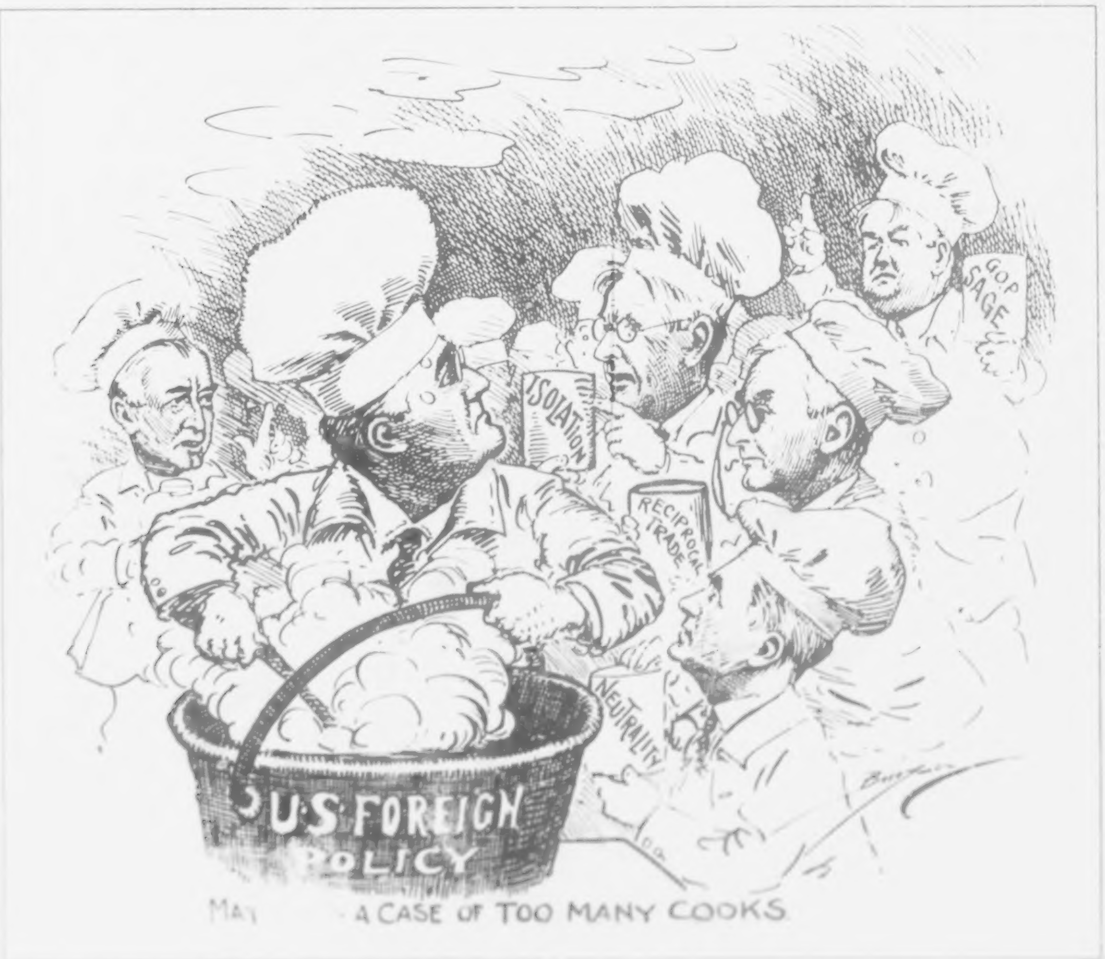
Yet too often, we have allowed our economic debates to focus almost exclusively on questions that divide us, losing sight of those vast and equally vital areas in which we are in agreement. The proposed special general assembly on development offers an opportunity to redirect regional thinking along constructive lines. This assembly should be held as soon as adequate preparations can be made. The "wise men's report," prepared for the joint working group, identifies many key areas where our cooperation can be strengthened.

We believe it is a good starting point. We are prepared to help wholeheartedly in developing and pursuing specific programs for the good of all our peoples. We


SO YOU'RE THE BIG BAD BEAR!
LITVINOV
Berryman
19

Cartoonist Clifford K. Berryman views recognition of the Soviet Union. (Library of Congress photo)

William C. Bullitt served as the first American Ambassador to the Soviet Union (1933–36); he was also Ambassador to France (1936–40). (Department of State photo)



A perennial problem in American foreign policy. (Library of Congress photo)

habits of thought that reached back to a still earlier day." Overseas missions were in a comparable state. "The Foreign Service—genteel, slow-moving, and complacent—also cherished its ties with the past." Although many highly qualified people served at home and abroad, their presence did not in itself insure effective institutional performance: "Individual competence is seldom proof against outmoded procedures and relaxed standards of accomplishment." The United States still lacked an apparatus for the conduct of foreign relations appropriate to the modern era.

The neglect of foreign relations that characterized the interwar years dissipated rapidly with the onset of the Second World War; the undeniable menace of Hitler's Germany and its partners, Italy and Japan, forced the U.S. Government to increasingly interventionist policy, particularly given the Axis victories of 1939–41, when the nation again adopted neutrality. President Franklin Roosevelt took the initiative: He launched rearmament, authorized the sale of destroyers to Great Britain in return for leases on certain bases in the western Atlantic, and eventually provided wholesale economic assistance to the anti-

Ruth Bryan Owen, daughter of William Jennings Bryan, was America's first woman Chief of Mission. She served as Minister to Denmark from 1933 to 1936.

(Department of State photo)

German coalition of Great Britain and the Soviet Union by means of the Lend-Lease Act (1941). Nevertheless, the United States did not enter the war until the Japanese air raid against Pearl Harbor on December 7, 1941.

The American intervention of 1941, like that of 1917, committed the United States to another period of intense international activity, an outcome that added greatly to the tasks of the Department of State. It accepted responsibility for evacuating Americans from combat zones, representing the interests of belligerents in enemy countries, assisting prisoner-of-war exchanges, maintaining liaison with the International Red Cross, and dealing with refugees.

During the war the most notable increase in business within the Department occurred in the economic field. Officials of the Department helped coordinate the activities of various wartime agencies set up to mobilize the nation for total war and to assist in the reconstruction of liberated territories. The Department also created a complex system to provide efficient international communications, a vital aspect of waging global war.

To perform its tasks, the foreign policy community grew at an unequalled rate. In 1940 the Department had 1,128 domestic employees, and it survived on total expenditures of $24 million, of which less than $3 million was spent at home. By 1945 the staff had grown to 3,767 people, and the budget for all operations had risen to about $50 million. Recruiting for the career Foreign Service was suspended during the war, but a Foreign Service Auxiliary was created to provide additional assistance. It sought experienced elders with necessary qualifications and young people with abilities comparable to those of successful prewar candidates for the Foreign Service. By January 1946, the Auxiliary included 976 people.

To manage international tasks that would not be taken on by the Department, a number of wartime agencies came into existence. Among them were the Board of Economic Warfare, the Office of War Information, the Office of Strategic Services, the Lend-Lease Administration, and the Office of the Coordinator of Inter-American Affairs.

And yet, as during the First World War, the President largely ignored the Secretary's advice on policy; the Department of State confined itself mostly to day-to-day operations. Secretary Hull proved influential only in one area—preparation of plans for postwar international organization. This situation stemmed from the Department's failure to organize for fully effective performance in wartime. Wartime decisions required coordination of political ends and military means, but the Department of State lacked the means—expertise and institutions—to exert dominant influence on the shaping of grand strategy. Like President Wilson before him, President Roosevelt turned to a coterie of trusted advisers, among them Harry Hopkins, Vice President Henry A. Wallace, General George C. Marshall, Under Secretary of State Sumner Welles, and Secretary of the Treasury Henry Morgenthau, Jr. Although Secretary Hull was usually informed of important decisions, he rarely participated in the great wartime conferences at which the leaders of the grand alliance forged the victory of 1945. His inability to gain the President's full confidence kept the Department from a reasonable part in many major decisions. It is not surprising that Secretary Hull should have commented bitterly toward the end of his service: "When I accepted this office, I knew that I would be misrepresented, lied about, let down, and that there would be humiliations that no man in private life could accept and keep his self-respect. But I made up my mind in advance that I would accept all these things and just do my job."

Another Man Behind the Throne

Harry Hopkins spent his earlier career as a social worker. He came to Washington in 1933 as one of the New Dealers. His first assignment was to administer employment relief; he headed the Work Projects Administration. In 1938 he became President Roosevelt's Secretary of Commerce.

As World War II approached, President Roosevelt turned increasingly to Hopkins for crucial assignments. He first served as the administrator of the Lend-Lease Act in 1941 and then moved to the White House as a special assistant. In this capacity he was sent on secret missions to serve as the President's eyes and ears. In July 1941 he went to Moscow to work out cooperation with Stalin after Germany attacked the Soviet Union. He attended all of the great wartime summit conferences such as Casablanca (1943) and Yalta (1945) held to coordinate the strategy and policy of the "grand alliance"—the United States, Great Britain, and the Soviet Union. Closely attuned to the needs and desires of the President, he also gained the confidence of Prime Minister Winston Churchill and Premier Joseph Stalin. His last public service, after the death of President Roosevelt, was to visit Moscow in a successful effort to obtain Russian cooperation in creating the United Nations.

In 1943 Edward R. Stettinius, Jr. of Virginia became Under Secretary of State and immediately began to plan a major reorganization of the Department of State, an enterprise that stemmed directly from wartime entered the Department as a clerk in 1895 and became Chief of the Correspondence Bureau in 1918. A few other women rose to managerial positions during the 1920s, including Ruth Shipley, who assumed the leadership of the Passport Division in 1921.

The first woman to enter the Foreign Service, Lucile Atcherson, was not appointed until 1922, after the First World War. The first entrant after the passage of the Rogers Act was Pattie H. Field in 1925. Continuing doubts about the ability of women to endure the trials of duty overseas worked against acceptance of women in the Foreign Service. After Atcherson and Field were appointed, a senior diplomat suggested that "it would be a wise thing to refrain from taking any more women until we can form an idea of their usefulness from observation of those we have already taken in." To exclude women who scored high on written examinations, another official observed that examining boards might award failing grades on oral examinations.

Eugenie M. Anderson was the first woman Ambassador (Denmark, 1949–53) and the first woman to sign a treaty on behalf of the United States. (Department of State photo)

The first women given political appointments to high-level diplomatic positions occurred during the 1930s. In 1933 President Roosevelt named Ruth Bryan Owen, the daughter of former Secretary of State William Jennings Bryan, as Minister to Denmark, and in 1937 Florence Jaffray Harriman was appointed Minister to Norway. Career women did not attain ambassadorial rank until after the Second World War. The third woman to enter the Foreign Service, Frances E. Willis, was made Ambassador to Switzerland (1953–57). She later served in Norway and Ceylon. The first woman career diplomat to become an Assistant Secretary of State was Ambassador Carol C. Laise, who became head of the Bureau of Public Affairs in 1973. She later served as Director General of the Foreign Service.

Blacks were similarly underrepresented in the work force of the Department. As in the case of women, blacks sometimes served in the lower ranks but rarely became supervisors. The first black appointed to the rank of Minister was Ebenezer D. Bassett, who went to Haiti in 1869. James Milton Turner was made Minister to Liberia in 1871. The best known black abolitionist, Frederick Douglass, became Minister to Haiti and Charge d'Affaires to Santo Domingo in 1889. It became common practice to assign blacks to these countries, but few were sent elsewhere.

The first black to enter the Foreign Service was Clifford R. Wharton (1925), and he was also the first career diplomat of his race to serve as chief of mission, becoming Minister to Romania in 1958 and Ambassador to Norway in 1961. Like the women who entered the Foreign Service during the 1920s, Wharton experienced discrimination. When he decided to take the competitive examination for the Foreign Service, he discovered that his prospective associates "couldn't care less; they didn't want me in the Department of State." His early diplomatic career was spent mostly in posts traditionally reserved for blacks, especially Liberia. Wharton remembers having commented smilingly to a personnel officer after receiving an undesirable assignment in 1946: "You're not only discriminating against us [with] in the Service, but you're exporting discrimination abroad. . . ."

Frances E. Willis was the first woman Foreign Service officer to be appointed a U.S. Ambassador (Switzerland, 1953–57), the first to attain the rank of Career Minister, and the only one to be named Career Ambassador. She served as Ambassador to Norway (1957–61) and to Ceylon (1961–64). (Department of State photo)

Clifton R. Wharton was a clerk in the Consular Commercial Office when he took the first Foreign Service examination (1925). He became Third Secretary at the U.S. Embassy in Liberia and later was Minister to Romania (1958) and Ambassador to Norway (1961). He was the first black Foreign Service officer and the first to serve as Chief of Mission to a European country. (Department of State photo)

Carl T. Rowan, with his family, signs his commission as Ambassador to Finland in 1963. He also served as Deputy Assistant Secretary of State for Public Affairs (1961–63) and Director of the U.S. Information Agency (1964–65). (Department of State photo)

Hispanics have served in the Department of State since 1820, when Joseph M. Espada of New York became a consular agent in Mexico, but like women and blacks they have been underrepresented up to the present. Ramón Leon Sánchez of Florida was made U.S. consul at Cartagena, Colombia, in 1840. An Hispanic, James Viosca of California, and his son, James Viosca, Jr., served successively as consuls at La Paz, Mexico, from 1877 to 1906.

The first Hispanic chief of mission was Romualdo Pacheco of California, who became Minister to a group of Central American states in 1890. No other Hispanic achieved comparable rank until William E. Gonzales of California became Minister to Cuba in 1913 and to Peru in 1919. Twenty others have since served as chief of mission, four of whom were career Foreign Service officers. Horacio Rivero, Jr., of California was the first Hispanic to be named chief of mission to a European country—Spain in 1972. Mari-Luci Jaramillo was the first Hispanic woman to become chief of mission, going to Honduras as Ambassador in 1977.

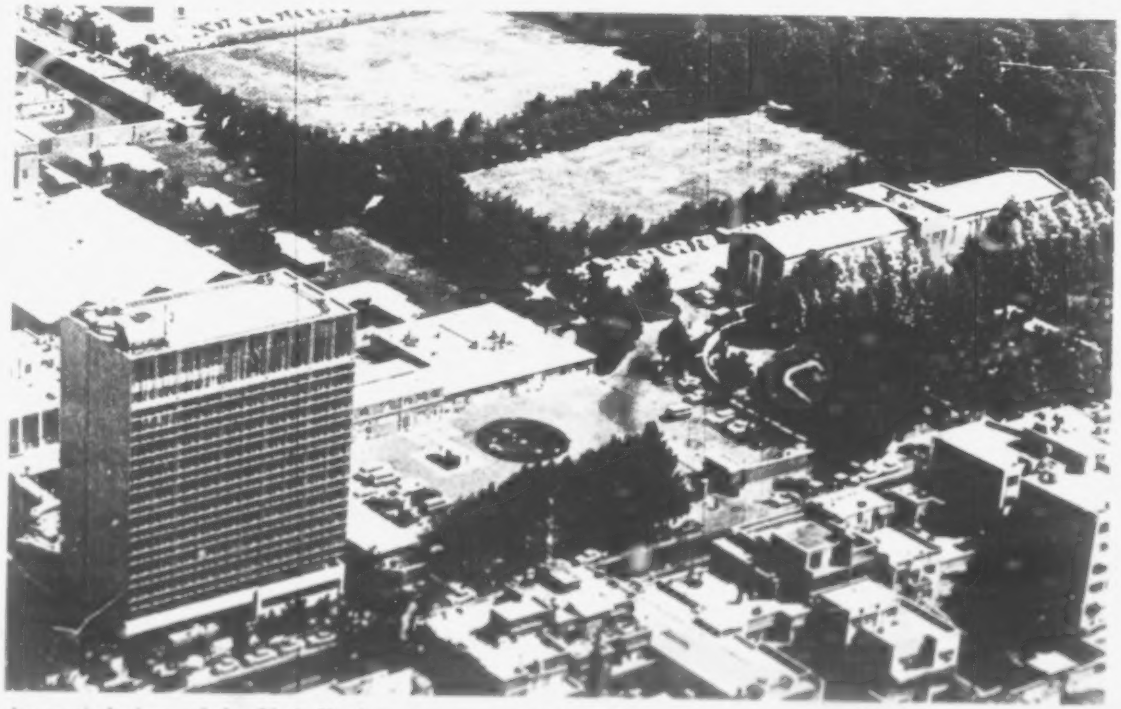
Patterns of prejudice and discrimination, prevalent elsewhere as well as in the Department of State, finally attracted extensive critical attention during the 1960s, and important attempts have been made in recent years to insure equal opportunity through the workings of energetic affirmative action programs. During the 1970s Secretaries of State William P. Rogers, Henry A. Kissinger, and Cyrus R. Vance all devoted considerable attention to this effort.

One of Secretary Vance's earliest acts was to issue a statement to the Department in which he announced his intention to "exercise personal leadership in prohibiting discrimination because of race, color, religion, sex, national origin, age, or handicap . . . [and] in carrying out a continuing affirmative action program designed to promote equal opportunity for all applicants and all employees."

True to his pledge, Secretary Vance appointed an executive-level task force to spur affirmative action, but much remains to be accomplished before the Department achieves the goals established by recent Secretaries. Presumably there should be a reasonable relationship between the incidence of racial and ethnic groups in the general population and their representation in the Department of State. A look at the profile of the Foreign Service reveals great disparities. Women constitute slightly more than half of the general population but only 10.2% of the Foreign Service. About 12% of the population is black, but blacks constitute only 3.5% of the Foreign Service. Hispanics make up more than 5% of the population, but they are a minuscule 1.5% of the Foreign Service.

No development of recent years has been more troubling than the rise of terrorism as a political weapon aimed at Americans representing their country abroad. Numerous attacks on American posts overseas and frequent kidnappings and killings of Americans have occurred in recent years, adding a tragically large number of names to the list of those who have given their lives in the line of duty. In August 1968, Ambassador John Gordon Mein was assassinated in Guatemala, the first chief of mission to be murdered in the line of duty. Since then other Ambassadors have been killed in Sudan, Cyprus, Lebanon, and Afghanistan. Kidnappings have occurred in places as widely separated as Zaire, Brazil, and Jordan.

The most serious of all such episodes was the seizure of the American Embassy in Tehran on November 4, 1979, and the subsequent detention of more than 50 hostages. This event brought home to the American people once again the extreme dangers that the Foreign Service must face in many assignments outside the country. The steadfast courage of the American hostages in Tehran and their families at home reflected the best traditions of the Department of State and the other agencies represented among the hostages.



An aerial view of the U.S. Embassy compound in Tehran prior to its seizure and occupation in November 1979. (Department of State photo)

42. Robert Lansing
1915–20

43. Bainbridge Colby
1920–21

44. Charles Evans Hughes
1921–25

45. Frank Billings Kellogg
1925–29

46. Henry Lewis Stimson
1929–33

47. Cordell Hull
1933–44

48. Edward Reilly Stettinius, Jr.
1944–45

49. James Francis Byrnes
1945–47

50. George Catlett Marshall
1947–49

51. Dean Gooderham Acheson
1949–53

52. John Foster Dulles
1953–59

53. Christian Archibald Herter
1959–61

54. Dean Rusk
1961–69

55. William Pierce Rogers
1969–73

56. Henry Alfred Kissinger
1973–77

57. Cyrus Roberts Vance
1977–80

58. Edmund Sixtus Muskie
1980–81

Alexander Meigs Haig, Jr., was designated Secretary of State on December 16, 1980, by President-elect Reagan.

59. Alexander Meigs Haig, Jr.
1981

the price paid for oil supplied by the United States shall be comparable to world market prices current at the time of transfer. Israel will, in any event, reimburse the United States for the costs incurred by the United States in providing oil to Israel hereunder.

If the United States provides domestic oil to Israel, the price charged would be acquisition cost or the replacement cost, whichever is higher. Replacement cost means the actual cost to the U.S. refiners of replacing oil sold to Israel; if this cannot be precisely determined, replacement cost will be considered to be equivalent to the average cost (C.I.F.) to U.S. refiners of the most expensive 10% of similar quality crude oil imported into the United States.

12. The U.S. Government would make all necessary arrangements with appropriate U.S. agencies and relevant suppliers to implement fully the U.S. commitment to make oil available for purchase by Israel.

13. The United States would keep Israel informed of the progress toward making oil available to Israel. The United States would inform Israel of the arrangements it has made as soon as possible with the objective of enabling Israel to have a ship or ships ready to load when and where the oil becomes available.

14. Arrangements would be made for appropriate participation of United States flag carriers in the transportation of oil from the United States under paragraph 9(c) above. If Israel is unable to secure the necessary means to transport to Israel oil made available pursuant to the MOA, the United States Government would make every effort to help Israel secure the necessary means of transport.

15. In the event of war or damage to Israel's refining capacity or storage installations, to adjust for variations of API gravity crude oil, or for other reasons, Israel may require refined petroleum products. In that event, the United States and Israeli Governments would promptly consult as to the means by which Israel might acquire and transport such products.

16. With regard to security arrangements, the United States and Israel will be prepared to take security precautions normal in such circumstances in their own ports for ships controlled by the other. It is assumed that Israel will work out security arrangements with third country officials to the extent that third country ports might be involved in the Israeli supply line.

17. Quarterly or more frequently upon United States request, Israel shall inform the United States of the quantity, quality, price and other relevant conditions of oil imports into Israel, Israel's requirement for the preceding 3-month period and its forecast for imports and requirements for the next 6-month period.

18. United States and Israeli experts will meet annually or more frequently at the request of either party to review Israel's oil situation in light of prevailing market conditions and to review and, if necessary, further develop or modify these contingency implementing arrangements by mutual agreement.

19. These arrangements shall be subject to and interpreted and applied in accordance with the MOA, including paragraph 4 thereof.

20. These arrangements shall apply for an initial period of five years and shall continue to apply for additional periods of three years for the duration of the MOA, unless suspended by either party at the expiry of any period upon written notice at least 6 months prior thereto.

Suspension of these arrangements shall in no way affect the continued validity of the MOA. In the event of suspension, both parties will make every effort to reach renewed agreement on contingency implementing arrangements.

DONE in duplicate, at Washington this seventeenth day of October, 1980.

FOR THE GOVERNMENT OF ISRAEL:

YITZHAK MODAI

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

EDMUND S. MUSKIE

MEMORANDUM OF AGREEMENT[3]

TEXT OF MEMORANDUM OF
AGREEMENT BETWEEN THE
GOVERNMENT OF ISRAEL AND
THE UNITED STATES,
JUNE 22, 1979

Pursuant to the Memorandum of Agreement between the Governments of the United States and Israel signed March 26, 1979, Israel and the United States have entered into the Oil Supply Arrangement set forth herein as follows:

1. Israel will make its own independent arrangements for oil supply to meet its requirements through normal procedures. In the event Israel is unable to secure its needs in this way, the United States Government, upon notification of this fact by the Government of Israel will act as follows:

(a) If the oil Israel needs to meet all its normal domestic requirements is unavailable for purchase in circumstances where no quantitative restrictions exist on the ability of the United States to procure oil to meet its normal requirements, the United States Government will promptly make oil available for purchase by Israel to meet the shortfall in the aforementioned normal requirements of Israel. Oil will be made available to Israel as soon as practicable after

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U.S. Hostages in Iran

SECRETARY'S STATEMENT NOV. 3, 1980[1]

We have seen, during the past 12 hours, several developments in the hostage issue. These should be viewed as initial steps in a process which will require time, patience, and diplomacy.

Reports from Tehran state that the Ayatollah Khomeini has agreed with the militants that the hostages can be transferred to government control. We believe, as we have said previously, it is in our interest for the government to assume direct responsibility for the well-being and security of the hostages.

We welcome reports that the Algerian Government will be involved. Deputy Secretary [Warren] Christopher has met with the Algerian ambassador and discussed their role in connection with the actions of the Iranian Parliament.

Finally, the reports from Tehran that the Prime Minister's office has established a working group in connection with implementation of the Parliament's decision are also welcome.

The President said yesterday that we cannot predict when the hostages will be home with us. We have affirmed that any decisions we make will be consistent with two fundamental objectives stated by the President—a solution must protect our national honor and vital interests and insure the safe return of the hostages.

There has been progress; however, much remains to be done. We will continue to pursue our goals with patience, diligence, and determination. Americans are united in their desire to see their fellow citizens come home safely with honor and with pride in their nation.

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[1] Copies made available to news correspondents by Department spokesman John Trattner. ■

notification; the United States will make every effort to ensure this period is less than 60 days.

(b) If the oil Israel needs to meet all of its normal requirements for domestic consumption is unavailable for purchase in circumstances where quantitative restrictions through embargo or otherwise also prevent the United States from procuring oil to meet its normal requirements, the United States Government will promptly make oil available for purchase by Israel in accordance with the International Energy Agency conservation and allocation formula as applied by the United States Government, in order to meet the shortfall in Israel's essential requirements. Oil will be made available to Israel as soon as practicable after notification; the United States will make every effort to ensure this period is less than 60 days.

(c) If Israel is unable to secure the necessary means to transport to Israel oil make available pursuant to this Agreement, the United States Government will make every effort to help Israel secure the necessary means of transport.

2. Prices paid by Israel for oil provided by the United States hereunder shall be comparable to world market prices current at the time of transfer. Israel will, in any event, reimburse the United States for the costs incurred by the United States in providing oil to Israel hereunder.

3. Israeli and United States experts will meet annually or more frequently at the request of either party, to review Israel's continuing oil requirement and to develop and review any necessary contingency implementing arrangements.

4. This Memorandum of Agreement is subject to applicable United States law. The United States administration may seek additional statutory authorization that may be necessary for full implementation of this Memorandum of Agreement.

5. This Memorandum of Agreement shall enter into force on November 25, 1979 and shall terminate on November 25, 1994. The oil supply arrangement of September 1, 1975 between the Governments of Israel and the United States shall be in force during the period from the date of this Memorandum of Agreement to November 25, 1994 and shall be performed and implemented in accordance with the provisions of this Memorandum of Agreement.

ANNEX

In connection with the Memorandum of Agreement being entered into on this date between the Government of Israel and the Government of the United States, Israel and the United States understand that:

Because of the unique security situation of Israel its oil reserves are and should be at the level equal to six months of Israel's oil consumption; and in this connection U.S. oil supplies should be at such levels that U.S. ability to meet its oil requirements will not be adversely affected.

DEPARTMENT FACT SHEET[3]

The Memorandum of Agreement (MOA) on oil supply, concluded by the U.S. and Israel on June 22, 1979, was an integral part of the process resulting in the conclusion of the Treaty of Peace between Egypt and Israel. As part of that treaty, Israel agreed to give back to Egypt oil fields in the Gulf of Suez. The MOA contains a commitment by the U.S. to make oil available for purchase by Israel if Israel could not find enough on its own, through normal procedures, to meet its domestic requirements. (This was very similar to an agreement concluded with Israel in 1975 when Israel returned oil fields to Egypt as part of a partial withdrawal from the Sinai. That agreement was folded into the 1979 MOA.)

Section three of the Memorandum of Agreement provided that the two nations should meet to develop contingency implementing arrangements. There have been five meetings over the course of the past year and an agreement outlining such arrangements has now been reached. These implementing arrangements are entirely subject to the parent MOA.

The implementing arrangements provide for three ways in which the MOA could be activated:

- The first occurs when Israel simply cannot obtain enough oil to meet its needs, no matter what price or terms it offers. In this case, the United States would provide Israel, directly or indirectly, a sufficient quantity of oil to make up the shortfall.
- A much more complex situation arises when Israel can physically obtain oil but only by paying an excessive average price and by buying under very insecure arrangements. In the case of oil, as with any commodity, if a country is willing to pay enough it may be able to find modest amounts even during times of severe world shortage. This fact was taken into account in the formula in paragraph 3 whereby the MOA would be activated if Israel has to pay an average price for its oil greater than the average cost of the most expensive 20% of crude oil imported into the United States and has to buy at least 60% of its oil through short-term, indirect purchases. This formula reflects the basic purpose of the 1979 MOA as an emergency supply commitment and, at the same time, recognizes the market reality that even though oil may be available, it cannot be obtained through normal procedures.
- Paragraph 4 provides for a special emergency activation of the commitment when Israel loses one of its main sources of supply despite its efforts to maintain that source. If Israel cannot immediately replace it with an equivalent source, the United States would provide oil, directly or indirectly, to make up the shortfall for 120 days. If, after this period, Israel was suffering a physical shortfall or qualified under paragraph 3, the United States would continue to provide oil.

If the MOA is activated, the United States would first try to find foreign oil for Israel. If that proves inadequate, the United States would provide domestic oil. There would be no subsidy involved. Israel would pay the higher of the acquisition cost or the cost to U.S. refiners of obtaining replacement oil. If the actual replacement cost could not be determined, an imputed replacement cost equal to the average of the most expensive 10% of U.S. imports of similar quality would be charged.

Whenever the United States provides oil to Israel, Israel would have the obligation to continue to look for oil on the world market, and if it finds some, the U.S. obligation would be reduced accordingly.

If the United States is suffering a shortfall and the MOA were activated, Israel, under paragraphs 6 and 7 of the implementing arrangements, would be treated as a hypothetical participant in the emergency oil-sharing system of the International Energy Agency (IEA). It would have the same demand restraint and stock drawdown obligations as an IEA member. This means that Israel would receive at most 93% of its normal requirements for domestic consumption and might receive less depending on the shortfall among IEA nations. Israel is not a member of the IEA also hope that, by concentrating on questions where early progress is possible, the special general assembly will build a foundation for cooperation on more difficult issues as well.

Conclusion

I would like to touch on a housekeeping item which ties into my opening remarks about the changed environment. I refer to the need to modernize the system of financing that was developed for this organization more than 30 years ago. The system should reflect the emerging new balances in the hemisphere. As a former legislator, I know the difficulties of negotiating financing arrangements. I know all too well the disputes and delays that can come with the process. The differences that separate on this issue are not so great. For the good of our organization, I urge that we delay no longer in reaching agreement on this issue.

In a valedictory statement like this one, I am not in a position to advance concrete new proposals. But I am freer to speak frankly. The days when one country could pretend to lead alone are gone; no country is now so strong that it can either dominate or ignore its neighbors. But if dominance by one power is undesirable, so is confusion among many. We have learned, sometimes painfully, how to coexist. Let us now learn how to cooperate more broadly and effectively.

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[1] Text from White House press release of Nov. 19, 1980.

[2] Press release 325 of Nov. 19, 1980. ■

Current Actions

MULTILATERAL

Aviation, Civil

Protocol relating to an amendment to the Convention on International Civil Aviation (TIAS 1591) [concerning lease, charter and interchange]. Done at Montreal Oct. 6, 1980. Enters into force on the date on which the 98th instrument of ratification is deposited by a party to ICAO.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973.
TIAS 7570.
Accession deposited: Democratic People's Republic of Korea, Aug. 13, 1980.[1]

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Accession deposited: Socialist Republic of Vietnam, June 20, 1980.

Coffee

International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force provisionally Oct. 1, 1976, definitively Aug. 1, 1977.
TIAS 8683.
Accession deposited: Philippines, Oct. 14, 1980.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedule. Done at Geneva June 27, 1980. Open for signature at U.N. Headquarters in New York Oct. 1, 1980, until 1 year after the date of its entry into force. Enters into force upon receipt by the depository of instruments of ratification, acceptance or approval from at least 90 states, providing certain requirements have been fulfilled.
Signatures: Ecuador, Oct. 3, 1980; U.S., Nov. 5, 1980.

Conservation

Amendment to the convention of Mar. 3, 1973 on international trade in endangered species of wild fauna and flora (TIAS 8249). Done at Bonn June 22, 1979.[2]
Acceptance deposited: U.S., Oct. 23, 1980.

Containers

International convention for safe containers (CSC), with annexes. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979.
TIAS 9037.
Accession deposited: China, Sept. 23, 1980.

Cultural Relations

Constitution of the U.N. Educational, Scientific, and Cultural Organization. Concluded at London Nov. 16, 1945. Entered into force Nov. 4, 1946.
TIAS 1580.
Signatures: Maldives, Mar. 23, 1979; St. Lucia, Mar. 6, 1980; Tonga, Sept. 29, 1980; Zimbabwe, Sept. 22, 1980.
Acceptances deposited: Maldives, July 18, 1980; St. Lucia, Mar. 6, 1980; Tonga, Sept. 29, 1980; Zimbabwe, Sept. 22, 1980.

Agreement on the importation of educational, scientific, and cultural materials, with protocol. Done at Lake Success Nov. 22, 1950; entered into force May 21, 1952; for the U.S. Nov. 2, 1966.
TIAS 6129.
Ratification deposited: Syria, Sept. 16, 1980.

Customs

Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978.[3]
Accession deposited: Canada, Oct. 21, 1980.

Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.
Accession deposited: Democratic People's Republic of Korea, Oct. 29, 1980.

Environmental Modification

Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978.[3]
Accession deposited: Papua New Guinea, Oct. 28, 1980.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accession deposited: Saint Lucia, Oct. 9, 1980.

Human Rights

International covenant on economic, social, and cultural rights. Adopted at

New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[3]
Signature: Kampuchea, Oct. 17, 1980.

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[3]
Signature: Kampuchea, Oct. 17, 1980.

Optional protocol to the international covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[3]
Accession deposited: Trinidad and Tobago, Nov. 14, 1980.

Judicial Procedure
Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.
Extended to: Cayman Islands, Sept. 16, 1980.

Load Lines
Amendments to the international convention on load lines, 1966 (TIAS 6331). Adopted at London Nov. 15, 1979.[2]
Acceptances deposited: China, Aug. 1, 1980; France, May 12, 1980; Denmark, May 22, 1980; Morocco, Sept. 25, 1980; Seychelles, Oct. 1, 1980; U.K., Sept. 22, 1980.[4]

Amendments to the international convention on load lines, 1966 (TIAS 6331), relating to amendments to the convention. Adopted at London Nov. 12, 1975.[2]
Acceptances deposited: China, Aug. 1, 1980; Seychelles, Oct. 1, 1980.

Amendments to the international convention on load lines, 1966 (TIAS 6331). Done at London Oct. 12, 1971.[2]
Acceptances deposited: China, Aug. 1, 1980; Seychelles, Oct. 1, 1980.

Maritime Matters
Amendments to the convention on the Intergovernmental Maritime Consultative Organization, as amended, (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[2]
Acceptances deposited: Australia, Nov. 17, 1980; Bulgaria, Oct. 21, 1980.

Amendments to the convention on the Intergovernmental Maritime Consultative Organization, as amended, (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[2]
Acceptance deposited: Egypt, Nov. 18, 1980.

Convention on facilitation of international maritime traffic, with annex. Done at London Apr. 9, 1965. Entered into force Mar. 5, 1967; for the U.S. May 16, 1967. TIAS 6251.
Acceptance deposited: Senegal, Oct. 17, 1980.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978.[2]
Accessions deposited: Egypt, Sept. 22, 1980; Spain, Oct. 21, 1980.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979.[2]
Signature: China, Sept. 11, 1980.[5]

Narcotic Drugs
Convention for limiting the manufacture and regulating the distribution of narcotic drugs, with protocol of signature. Done at Geneva July 13, 1931. Entered into force July 9, 1933. 48 Stat. 1543.

Protocol amending the agreements, conventions, and protocols on narcotic drugs concluded at The Hague on Jan. 23, 1912, at Geneva on Feb. 11, 1925, and Feb. 19, 1925, and July 13, 1931, at Bangkok on Nov. 27, 1931, and at Geneva June 26, 1936, with annex. Done at Lake Success, New York Dec. 11, 1946. Entered into force Dec. 11, 1946; for the U.S. Aug. 12, 1947. TIAS 1671.

Protocol bringing under international control drugs outside the scope of the convention of July 13, 1931, for limiting the manufacture and regulating the distribution of narcotic drugs, as amended by the protocol signed at Lake Success on Dec. 11, 1946. Done at Paris Nov. 19, 1948. Entered into force Dec. 1, 1949; for the U.S. Sept. 11, 1950. TIAS 2308.

Protocol for limiting and regulating the cultivation of the poppy plant, the production of, international and wholesale trade in, and use of opium. Done at New York June 23, 1953. Entered into force Mar. 8, 1963. TIAS 5273.

Single convention on narcotic drugs, 1961. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.
Notification of succession: Papua New Guinea, Oct. 28, 1980.

Protocol amending the single convention on narcotic drugs, 1961 (TIAS 6298). Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accession deposited: Papua New Guinea, Oct. 28, 1980.

Nuclear Material—Physical Protection
Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[2]
Ratification deposited: Sweden, Aug. 1, 1980.
Signatures: Canada, Sept. 23, 1980; Morocco, July 25, 1980; Poland, Aug. 6, 1980.

Patents, Microorganisms
Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest, Apr. 28, 1977. Entered into force Aug. 19, 1980. TIAS 9768.
Ratifications deposited: F.R.G., Oct. 20, 1980; U.K., Sept. 29, 1980.

Pollution
Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978.[2]
Ratification deposited: Liberia, Oct. 28, 1980
Accession deposited: Tunisia, Oct. 10, 1980.

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.[2]
Ratification deposited: Netherlands, Sept. 10, 1980.[6]

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington Dec. 29, 1972. Entered into force Aug. 30, 1975. TIAS 8165.
Accession deposited: Suriname, Nov. 12, 1980.

Amendments to the convention of Dec. 29, 1972 on the prevention of marine pollution by dumping of wastes and other matter (TIAS 8165). Adopted at London Oct. 12, 1978.[2]
Acceptances deposited: Japan, Oct. 15, 1980; Sweden, May 16, 1980; U.S., Oct. 24, 1980.

Oil Pollution
International convention on civil liability for oil pollution damage. Done at Brussels, Nov. 29, 1969. Entered into force June 19, 1975.[3]
Ratification deposited: Finland, Oct. 1980,
International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.[3]
Ratification deposited: Finland, Oct. 10, 1980.

International convention for the prevention of pollution of the sea by oil, with annexes, as amended (TIAS 6109, 8505). Done at London May 12, 1954. TIAS 4900.
Extended to: Bermuda as from Dec. 1, 1980.

Red Cross
Protocol additional to the Geneva conventions of Aug. 12, 1949, and relating to the protection of victims of international

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Cover Photo:

Ronald Wilson Reagan takes the oath of office as the 40th President of he United States on January 20, 1981. Chief Justice Warren Burger (right) administers the oath while Mrs. Reagan and Senator Mark Hatfield witness the event.

White House photo by Bill Fitz-Patrick)

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The Bulletin's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.

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dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. The Federal Reserve Bank of New York is licensed, authorized, directed, and compelled to transfer to accounts at the Bank of England, and subsequently to transfer to accounts at the Bank of England established pursuant to an escrow agreement approved by the Secretary of the Treasury, all gold bullion, and other assets (or the equivalent thereof) in its custody, of the Government of Iran, or its agencies, instrumentalities or controlled entities. Such transfers shall be executed when and in the manner directed by the Secretary of the Treasury. The Secretary of the Treasury is also authorized to license, authorize, direct, and compel the Federal Reserve Bank of New York to engage in whatever further transactions he deems appropriate and consistent with the purposes of this Order, including any transactions related to the return of such bullion and other assets pursuant to the escrow agreement.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in Section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Order, any other Executive Order licensing, authorizing, directing, or compelling the transfer of the assets described in section 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Assets Overseas

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any branch or office of a United States bank or subsidiary thereof, which branch or office is located outside the territory of the United States and which on or after 8:10 a.m. E.S.T. on November 14, 1979 (a) has been or is in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or (b) has carried or is carrying on its books deposits standing to the credit of or beneficially owned by such Government, agencies, instrumentalities, or controlled entities, is licensed, authorized, directed, and compelled to transfer such funds, securities, and deposits, including interest from November 14, 1979, at commercially reasonable rates, to the account of the Federal Reserve Bank of New York at the Bank of England, to be held or transferred as directed by the Secretary of the Treasury. The Secretary of the Treasury shall determine when the transfers required by this section shall take place. The funds, securities and deposits described in this section shall be further transferred as provided for in the Declaration of the Government of the Democratic and Popular Republic of Algeria and its Annex.

1-102. Any banking institution subject to the jurisdiction of the United States that has executed a set-off on or after November 14, 1979, at 8:10 a.m. E.S.T against Iranian funds, securities, or deposits referred to in section 1-101 is hereby licensed, authorized, directed, and compelled to cancel such set-off and to transfer all funds, securities, and deposits which have been subject to such set-off, including interest from November 14, 1979, at commercially reasonable rates, pursuant to the provisions of section 1-101 of this Order.

1-103. If the funds, securities, and deposits described in section 1-101 are not promptly transferred to the control of the Government of Iran, such funds, securities, and deposits shall be returned to the banking institutions holding them on the effective date of this Order and the set-offs described in section 1-102 shall be in force as if this Order had not been issued and the status of all such funds, securities, deposits and set-offs shall be *status quo ante.*

1-104. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in sections 1-101 and 1-102 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in sections 1-101 and 1-102 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. E.S.T., including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in sections 1-101 and 1-102 of this Order.

1-105. Compliance with this Order, any other Executive Order licensing, authorizing, directing, or compelling the transfer of the assets described in sections 1-101 and 1-102 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-106. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-107. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-108. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Assets Held by Domestic Banks

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any branch or office of a banking institution subject to the jurisdiction of the

Iran Chronology, January 1981

January 2

After 4 days of talks in Washington, Algerians deliver latest U.S. proposals to Iran.

January 3

In Tehran, Algerian delegation meets with Iranian officials to discuss latest U.S. proposal.

January 4

A report out of Tehran states that three of the hostages—L. Bruce Laingen, Charge d'Affaires, Victor L. Tomseth, a political officer, and Michael Howland, a State Department security officer—have been transferred from the Foreign Ministry in Tehran to a secret location.

January 6

Khomeini gives approval of Algerian assistance in efforts to release hostages.

January 7

Deputy Secretary Christopher departs for Algiers to discuss the status of the negotiations with the Algerian delegation.

January 8

President-elect Reagan states that he could honor any agreement with Iran made by President Carter but also says he reserves the right to draw up new proposals if the crisis is not settled by Jan. 20.

January 9

Deputy Secretary Christopher extends his stay in Algeria because of questions raised by Iranians about U.S. proposals.

January 12

Two bills are introduced by the Iranian Parliament as "emergency" legislation to speed up an agreement with the U.S. One bill would authorize third-party arbitration of claims against Iranian assets and the other would "nationalize" the late Shah's wealth.

January 13

Parliament postpones voting on two bills.

January 14

Parliament approves the bill permitting third-party arbitration of claims on Iranian assets.

January 15

Chief Iranian negotiator, Behzad Nabavi, Iran's Minister of State for Executive Affairs, warns the U.S. that if Iran's "unencumbered frozen assets" are not deposited in Algerian banks by Friday, close of business, negotiations would stop.

January 16

In the event an agreement is made, President Carter takes two major steps:

- He orders an exchange transaction of over $900 millon worth of gold with Britain for eventual transfer to Iran; and
- He orders the sale of Iranian-owned treasury securities in the New York Federal Reserve Bank so that the money can be transferred to Iran.

Nabavi withdraws his earlier statement and declares that there is "no obstacle" to concluding an agreement.

A team of legal and financial experts—five Americans and three British—meet in Algiers in an effort to resolve remaining problems.

January 17

Twelve major U.S. banks reportedly agree that if Tehran agrees to repay a portion of the debts owed them immediately and to settle the rest later, they would drop lawsuits.

At Iran's request, Algeria sends a team of physicians to visit hostages to confirm their good health.

January 18

U.S. and Iran sign final documents agreeing on central issues and issue a final declaration for release of the hostages.

January 19

Freedom of hostages is delayed by objections raised by Iranians over an "appendix" that U.S. bankers reportedly added to the hostage release agreement.

January 20

After 444 days in captivity, hostages are freed!

Two Algerian airliners take them to Algiers where they are met by Deputy Secretary Christopher, Algerian Foreign Minister Benyahia, and U.S. Ambassador to Algeria Ulric Haynes, Jr. After a welcoming ceremony, the hostages are transferred to U.S. Air Force planes which take them to Frankfurt, West Germany, where they board busses which take them to a military hospital in Weisbaden.

January 25

Air Force plane—"Freedom One"—arrives at Stewart International Airport, Newburgh, New York, carrying the 52 former hostages. The Americans are greeted by their families and, after a 70-minute bus ride, arrive at West Point Military Academy.

January 27

The 53 former hostages, including Richard Queen who was released by the Iranian revolutionaries in July 1980, arrive in Washington, D.C., where they are greeted, in an official ceremony, by President Reagan, other U.S. officials, and government employees on the South Lawn of the White House. ■

Not only in weeks and months before, but starting last Friday, there was around-the-clock—and I mean continuously around-the-clock—involvement with banks and attorneys in Algiers, in London, in New York, and in Washington working this very complicated transaction. The only people who benefited most perhaps was AT&T [American Telephone & Telegraph Co.] because we had open telephone lines that ran up some bills.

I do want to say that it was a magnificent performance by everyone on our side, and I'm indeed very proud to have been even a small part of it.

Mr. Muskie. Thank you, Bill. I would like to add my words of commendation to all of those who participated, not only everyone at this table but almost countless others on both sides of the Atlantic who contributed to this. It is an incredible picture of the stamina, determination, patience, and ingenuity that can be applied to a problem of this complexity. I've been proud to be part of it, and I thank all of my colleagues.

Q. Mr. Muskie, you talk of the basic principle of returning the situation to the status as it was when the hostages were seized. At that time we had diplomatic relations with Iran, we had a limited military supply relationship, we gave visas fairly freely, and Americans were allowed to travel in Iran. The President, under certain acts, changed all that in the course of the past 14 months. Are any of those actions going to be undone?

Mr. Muskie. I suspect that those matters will have to be dealt with as time unfolds. The principle to which I referred applied to the release of the hostages and restoring our financial arrangements to what they were before the hostages were seized, not to all of the aspects of diplomatic recognition and normal trade and so on. Obviously, the nonintervention agreement which the Iranian side insisted upon will impact upon some of those points that you raised. That's there wish, and as far as we're concerned, we were willing to sign that. Our relationship will have to develop in the future as both countries may see it in their interest to pursue.

Mr. Miller. I hope you will note in the Secretary's comments, though, that the sanctions, the explicit sanctions were raised.

Mr. Muskie. Yes.

Q. Mr. Civiletti, could you explain how, legally, the United States goes about blocking all claims like actions and so forth against Iran, and how it goes about freezing all the assets of the Shah, his estate, and so forth, and whether there are potential constitutional problems to that?

Mr. Civiletti. There undoubtedly will be litigation about those issues. We expect to file papers in some of the outstanding cases either late tonight or tomorrow morning indicating a statement of interest, laying out before the court the actions that have been taken and the legal authorities under which those actions have been taken.

Essentially, the authority for all the actions that have been taken arise both from the Constitution and the President's powers under the Constitution and from statutory sources, particularly the International Emergency Economic Powers Act, the Hostage Act, and the President's constitutional powers with regard to the conduct of foreign affairs, with regard to recognition of foreign powers, and with regard to the exercise of these powers under these statutes.

Each of the Executive orders that have been issued—and there are about 10 of them altogether—are exercised under these acts. It's the circumstance where there is a confluence, where the President's powers are at their greatest when he is exercising power under both the Constitution and under specific statutes. What we've done in effect is, in most instances, with a few rare exceptions, provide by this settlement for an alternative means by which the interests of claimants have either been taken care of, as have been indicated by some payments which are already being made, or by the U.S.-Iran claims tribunal procedure with agreements with regard to the maintenance of the fund of $500 million. I hope that partially answers your question.

Q. Are you saying that under this International Emergency Powers Act the President has the power to block any suits and so forth?

Mr. Civiletti. Yes. When he blocked the assets, a subsequent Executive order allowed the Secretary of the Treasury to promulgate regulations permitting the filing of suits, reserving the power to withdraw that authorization; and the statute itself gives the President the power to make null and void any interests in property which are subject to the emergency which gave rise to the exercise of the power. And, as I mentioned, the President has acted here under the confluence of not only that statute but the Hostage Act, as well as his constitutional powers with regard to the settlement of international claims and disputes.

Q. In the question of other assets, how much in military spares is left? How much has been subsumed by the U.S. military forces?

Mr. Muskie. I don't have an inventory available to me of that material. The issue of military equipment and supplies in the pipeline before November 4, 1979, was not directly addressed in the negotiations. You will not see it in any of the documents, and so it is not a current issue.

Q. Mr. Miller, can you tell us what the certain undertakings of the Governments of the United States and Iran are that are referred to in the declaration that was issued yesterday.

Mr. Miller. Those are mainly the financial aspects that I've described.

Mr. Muskie. Yes.

Mr. Miller. The undertakings to how we accomplished all this in the financial area.

Q. Mr. Secretary, can you tell us how the shape of this deal emerged—when, what were the initiatives? What were the final points that had to be resolved and when were they resolved?

Mr. Muskie. Well, that's a long story and I will try to give you a brief outline.

It all started, I gather, when I addressed a letter to the then newly selected Prime Minister—Mr. Rajai—in which I indicated the need from our perspective of undertaking in some way to resolve our differences and, as I think I used the phrase, "mutually perceived grievances." I think that was in late August.

In September, Khomeini laid down four points as a basis for settlement. It's the same four points basically that this agreement is built upon. We did not know how authoritative it was or whether it was the totality, and those four points excluded some points that Iranians had insisted upon prior to that time. We were curious about that and we undertook to pursue those questions through the various channels that we were using at that time and since. And we began to address ourselves to the possibilities of meeting the four points.

When one reads the four points literally, they obviously called, in light of the facts we've given you here today, upon us to do things that we were not in a position to do.

So we undertook, with the help of so many people, to shape any response that would be within the framework of the four points laid down by him at that time. We pursued those through channels involving Iranians, and not those who were ultimately the decision-makers in Iran but others who were also, so far as we could see, in a position to evaluate the position of Iran in this situation. Secretary Miller has already indicated one of the approaches to this problem that we pursued until, I think it was, last week.

Iran's final proposal in the last week or 10 days changed the framework. We saw almost immediately that it was a better one, and we proceeded to pick it up. It was not inconsistent with what we had put in place in terms of the resources or the assets that we could transfer; it shifted the method for handling it, and that's how we came down.

It's much more complicated than that; I couldn't possibly give you every detail.

I'd like to pay some tributes to some specific people who haven't been mentioned, if I might. Lloyd Cutler, General Counsel to the White House, who was just superb in the quality of the legal advice and the practical judgment which he brought to this. Warren Christopher—well, the whole country knows his abilities and his qualities of leadership in negotiation. He was the team leader and did a tremendous job of putting all these things together.

There are so many others—I know I'm leaving out names. I'd like to attest to Bob Carswell's contribution and Rich Davis and everybody else here. It's been a tremendous effort.

And when the full story is told—and I don't know that you want it all at once —the line was a pretty straight one from September down to today, pretty straight. The framework was there. The details were difficult to put together—finding ways of freeing assets, dealing with claims, finding ways to put in Iran's hands sufficient assets to make the settlement proposal attractive.

All of the prospects for doing this improved with the onset of the Iran-Iraq war, for obvious reasons: the pressures that that generated for Iran economically and in other ways. So, although we found so many obstacles along the way that have been frustrating, including the last 48-72 hours, at the same time events and pressures of one kind or another also fell our way to enable us to move to this point.

Thank you all very much for your patience through this ordeal. I've been amazed, may I say, at the quality and the accuracy of the press coverage of the last 48 hours in terms of facts that we thought we had pretty much excluded you from. [Laughter.] You have a way. Thank you.

WELCOMING CEREMONY, THE WHITE HOUSE, JAN. 27, 1981[5]

President Reagan

Welcome to the Ambassadors of our friends in neighboring countries who are here today. And I can think of no better way to let you know how Nancy and I feel about your presence here today than to say on behalf of us, of the Vice President and Barbara, the Senators, the Members of Congress, the members of the Cabinet, and all of our fellow citizens, these simple words: Welcome home.

You are home, and believe me, you're welcome. If my remarks were a sermon, my text would be lines from the 126th Psalm, "We were like those who dreamed. Now our mouth is filled with laughter and our tongue with shouts of joy. The Lord has done great things for us. We are glad." You've come home to a people who for 444 days suffered the pain of your imprisonment, prayed for your safety, and most importantly, shared your determination that the spirit of free men and women is not a fit subject for barter.

You've represented under great stress the highest traditions of public service. Your conduct is symbolic of the millions of professional diplomats, military personnel, and others who have rendered service to their country.

We're now aware of the conditions under which you were imprisoned. Though now is not the time to review every abhorrent detail of your cruel confinement, believe me, we know what happened. Truth may be a rare commodity today in Iran; it's alive and well in America.

By no choice of your own, you've entered the ranks of those who throughout our history have undergone the ordeal of imprisonment: the crew of the *Pueblo*, the prisoners in two World Wars and in Korea and Vietnam. And like those others, you are special to us. You fulfilled your duty as you saw it, and now like the others, thank God you're home, and our hearts are full of gratitude.

I'm told that Sergeant Lopez here put up a sign in his cell, a sign that normally would have been torn down by those guards. But this one was written in Spanish, and his guards didn't know that *"Viva la roja, blanco, y azul"* means "Long live the red, white, and blue." They may not understand what that means in Iran, but we do, Sergeant Lopez, and you've filled our hearts with pride. *Muchas Gracias.*

Two days ago, Nancy and I met with your families here at the White House. We know that you were lonely during that dreadful period of captivity, but you were never alone. Your wives and children, your mothers and dads, your brothers and sisters were so full of prayers and love for you that whether you were conscious of it or not, it must have sustained you during some of the worst times. No power on Earth could prevent them from doing that. Their courage, endurance, and strength were of heroic measure, and they're admired by all of us.

But to get down now to more mundane things, in case you have a question about your personal futures, you'll probably have less time to rest than you'd like. While you were on your way to Germany, I signed a hiring freeze in the Federal Government. In other words, we need you, your country needs you, and your bosses are panting to have you back on the job.

Now, I'll not be so foolish as to say forget what you've been through; you never will. But turn the page and look ahead, and do so knowing that for all who served their country, whether in the Foreign Service, the military, or as private citizens, freedom is indivisible. Your freedom and your individual dignity are much cherished. Those henceforth in the representation of this Nation will be accorded every means of protection that America can offer.

Let terrorists be aware that when the rules of international behavior are violated, our policy will be one of swift and effective retribution. We hear it said that we live in an era of limit to our powers. Well, let it also be understood, there are limits to our patience.

Now, I'm sure that you'll want to know that with us here today are families of the eight heroic men who gave their lives in the attempt to effect your rescue. "Greater glory hath no man than that he lay down his life for another." And with us also are Colonel Beckwith and some of the men who did return from that mis-

As a result of their taking of the hostages, their business arrangements with the various institutions involved in those deposits were interrupted. The result of all that was to produce a lot of litigation, a lot of claims, a lot of suits; but they took those risks. Now they ask us to make cash guarantees for the purpose of assuring them against loss resulting from those risks, if they materialize in the form of losses. That's not our responsibility.

May I say, also, that at the beginning of these negotiations, we pursued, apparently with their understanding and their agreement, two principles: One, that we would do everything we could, insofar as we could legally, to restore our financial arrangements to their status prior to November 14, a year ago. Two principles are involved: the *status quo* as of that time and what we could do legally. The *status quo* as of that time was, with respect to these frozen assets, that they had placed these assets on deposit in Western institutions and with persons in the West and in the United States.

We are willing and have offered ways to do that. There are some assets that could be made available to them almost immediately. Others are subject to claims that have to be resolved in one way or another. We have offered to join with them in establishing an international claims settling procedure and offered to pursue that procedure with them in every way possible that we could legally in order to resolve those claims.

It would require actions on their part, reestablishing their banking relations, for example, and others. There are precedents for this sort of approach to it. Now, because that process couldn't conceivably be completed before the end of the President's term and before the return of the hostages, they ask us for these cash guarantees. Well, that is asking for something different than the *status quo* in November of 1979.

Q. Two weeks ago we were told that a Soviet invasion of Poland was imminent, or virtually imminent. Has that problem eased up?

A. There has been a certain stability, I think, which has developed as a result of the ceremonial activities in Gdansk and the other Baltic cities. There was some fear that those might produce instability, even violence, but they were conducted with calm and with dignity. The church, the unions, and the government were all represented, and every effort was made by those three institutions in the Polish community to insure that those activities would be conducted in a way that was dignified and calm.

Having passed that potential explosive point, there has been a certain stability. But the Polish situation is still difficult; the economic situation is still difficult and, to some extent, inhibits the liberalization movement, or the "renewal process," as the Poles call it, that has been taking place with respect to the unions. So in those terms, the situation is somewhat easier than it seemed to be a couple of weeks ago.

Q. But there is no sign that the Soviets are withdrawing their troops or are stepping down their readiness?

A. Their readiness is still there.

Q. The Peoples Republic of China has issued a state-of-the-world review in which they warn that the United States and other nations had better get together to halt Soviet military expansion or face the choice of either abject surrender or world war. Do you share this grim outlook with regard to Soviet intentions?

A. The Soviet Union has posed serious problems for us, for themselves, for the West, including China. Nevertheless, I think the situation is not irremediable. It all depends on where the Soviets go from here to there. I put it this way. One of the most serious challenges facing us is the continuing challenge of reading Soviet intentions.

With respect to Afghanistan, they have paid some heavy costs, costs that have, in visible ways, restrained them. With respect to Poland, they have permitted the situation there to go beyond limits which they previously considered tolerable so, obviously, they have exercised restraint there.

Q. What about Iran, can you tell us what Soviet behavior has been there? Have they done anything to try to help bring the Iranian leaders to their senses, as you might put it?

A. With respect to the hostage question?

Q. That's correct.

A. Not to my knowledge.

Q. Have you seen any evidence that they've tried to keep this dispute going?

A. I don't think, recently. There was a time when their propaganda broadcasts, radio broadcasts, we thought, had the effect of inflaming opinion in Iran against the United States.

Q. You seemed to be suggesting earlier that the hostages may not be released until the Reagan Administration comes in. Would you recommend that President Reagan continue to negotiate for the release of the hostages—in effect, two Administrations being held hostage to the same problem?

A. What he does with respect to the problem will depend upon, I suppose, what the situation is on January 20. We try to keep him and his advisers informed, and now that we have a Secretary of State-designate, we are in a better position to keep him informed.

We are trying to solve the problem before he comes on so that he won't have this on his plate with other problems that will be on his plate. But whatever he may find expedient to do at that time will depend upon the circumstances.

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[1] Press release 352. ■

Interview on the "MacNeil/Lehrer Report"

Secretary Muskie's interview for the Public Broadcasting System's "MacNeil/Lehrer Report" with Robert MacNeil and Jim Lehrer on January 6, 1981.[1]

Q. Iran's Prime Minister Mohammed Ali Rajai today consulted the Ayatollah Khomeini on the latest stage in the hostage negotiations, but what precisely transpired is unclear. Afterward Rajai spoke to Iranian television, and there are two versions of what he said.

According to one, the Ayatollah said the government could accept guarantees by the Algerian intermediaries to solve the hostage problem. The other version uses the word "undertakings" instead of guarantees. Before the Algerians returned to Iran last week with the latest American counterproposals, some Iranians said they would accept whatever guarantees satisfied the Algerians.

Meanwhile, the whereabouts of the hostages themselves are again in doubt. On Saturday, the three hostages held all along at the Iranian Foreign Ministry were forced to move to an unknown destination. Today, an unidentified Administration official in Washington said some of them may be in jail. Tonight, the Administration view of the hostage situation and other matters. Secretary of State Edmund Muskie is with Jim Lehrer in Washington.

Q. First, on the hostages themselves. Do we know now that some of them are in jail?

A. No, we do not. I don't know the source of the report to which Robert just referred. We don't know where the three are. The Government of Iran justified the move on the grounds that all the hostages are now under government control; that they wanted to bring them all together, wherever they are—that is, an appropriate place. This is the only explanation we have.

Q. There had even been statements—oh, 10 days ago, I think—from [Department of State spokesman] John Trattner about the possibility that some of the hostages were now in jail. There's no new development on it? We have no new information about that, though, is that correct?

A. No. The latest information we have about the other 49 is the news that we were given by the Algerian delegation. And that was all very positive. They saw all 52 hostages, spent some 7½ hours with them, talking to groups of them in their rooms or quarters; accepting letters from them to the people back here, and to the families back here, in the States; and taking pictures of all of those who were interested in having pictures taken. I think there's only one who did not. So they had that much time to observe the hostages, and their impression was that they were in good physical health.

Q. The explanation, you said, that the Iranians had given for taking the three out of the Foreign Ministry was—do you buy that explanation—that the government has now taken control of the hostages?

A. In dealing with Iranians, I'm always interested in as many facts as I can get. One does not necessarily get a consistent version of what has happened or why. Our access to information is not perfect. The Swiss, of course, are our protective government in Tehran, representing our interests, and they are in almost daily contact with the Government of Iran. They give us the best information they can, and we rely on them to give us information. And there are other governments that are useful channels to information. But at this point we don't know where the three have been taken, but we are pursuing that question.

Q. Is there anything important in these reported remarks of the Ayatollah to the Prime Minister today that I just quoted? Is there some significance that you can read into that?

A. There is an additional report that you ought to have. Ambassador Gheraib, one of the Algerian delegation, also had a press conference subsequent to the ones to which you refer and made it clear that Algeria's only role is as intermediary. So whatever Khomeini said, it was not an accurate description of the Algerian role and certainly not a description that satisfied the Algerians.

Q. So that speculation that the Algerians might be performing something like the Camp David role of trying to come up with a parcel, a package, that brings both sides together, they are not doing that.

A. I think the most accurate way to describe their role—and I've used this description before—is that of a positive intermediary. Now, what do I mean by the word "positive"?

When they come to the United States to get our response, they do more than accept the document. They also ask questions about the document, undertaking to anticipate the questions that Iranians may put to them so that they can deliver the document with a rather full understanding on their own part of the document's significance and meaning. And they do that in reverse when they receive the Iranian response to our documents.

So they have been very helpful and very impressive in that respect, but they are no more than intermediaries.

Q. Last week, before they went back, one of the spokesmen in Iran—the man who's in charge of negotiations, Mr. Nabavi—said that they were prepared to hear a U.S. counter offer. Are you hopeful that what you have now sent back with the Algerians will produce a positive response in Iran? Do you have some hope of that?

A. Long ago I dismissed hope as a useful emotion in these frustrating talks. I don't even describe them as "negotiations." But one never knows, given the political power struggle that is going on in Iran today—and it seems to have developed into one of those more abrasive kinds of struggles, more public than it has been for some time—one never knows when someone in Iran is in a position to make a decision and to make a decision favorable to our proposals and to the hostages.

And the second point I would make is that, notwithstanding the positive role that the Algerians have played in conveying not only our documents but an explanation of them, it has been very difficult to convey to the Iranians precisely what the limitations are on our authority, on the President's authority, in a way that's credible to them. They're suspicious of us anyway. So we think that by patiently and persistently making our points, our limitations, reformulating our proposals in accordance with the questions that they raise, that we might at some point strike a formulation that gets a favorable response. Time is obviously running out; we're aware of that, and we hope they are.

armed conflicts (Protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[3]
Ratification deposited: Finland, Aug. 7, 1980.[7]
Accession deposited: Bangladesh, Sept. 8, 1980.

Protocol additional to the Geneva conventions of Aug. 12, 1949, and relating to the protection of victims of noninternational armed conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[3]
Ratification deposited: Finland, Aug. 7, 1980.[7]
Accession deposited: Bangladesh, Sept. 8, 1980.

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Jamaica, Oct. 30, 1980.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Approval deposited: Czechoslovakia, Sept. 17, 1980.
Notification of provisional application: Belgium, Luxembourg, Oct. 3, 1980; Brazil, Oct. 1, 1980; Canada, Nov. 7, 1980; EEC, Sept. 29, 1980; Finland, Nov. 11, 1980; France, F.R.G., Netherlands, Norway, Sept. 30, 1980; U.S.S.R., Nov. 5, 1980; U.K., Sept. 26, 1980; U.S., Oct. 23, 1980.
Ratification deposited: China, Sept. 15, 1980; Denmark, Sweden, Sept. 30, 1980; Ireland, Sept 29, 1980.

Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor, and in the subsoil thereof. Done at Washington, London, and Moscow Feb. 11, 1971. Entered into force May 18, 1972. TIAS 7337.
Accession deposited: Socialist Republic of Vietnam, June 20, 1980.[1]

Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the Moon and other celestial bodies. Done at Washington, London, and Moscow Jan. 27, 1967. Entered into force Oct. 10, 1967. TIAS 6347.
Accession deposited: Socialist Republic of Vietnam, June 20, 1980.

Sugar

International sugar agreement, 1977, with annexes. Done at Geneva Oct. 7, 1977. Entered into force provisionally Jan. 1, 1978; definitively Jan. 2, 1980. TIAS 9664.
Accession deposited: Zimbabwe, Oct. 20, 1980.

Telecommunications

Partial revision of the radio regulations (Geneva, 1959), as revised, relating to the aeronautical mobile (R) service, with annexes and final protocol. Done at Geneva Mar. 5, 1978. Entered into force Sept. 1, 1979; for the U.S. Oct. 22, 1980, except for the frequency allotment plan for the aeronautical mobile (R) service which shall come into force on Feb. 1, 1983.
Approval deposited: Denmark, Sept. 1, 1980.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[2]
Signatures: Finland, Oct. 29, 1980; Uganda, Nov. 10, 1980.
Ratifications deposited: Lesotho, Nov. 5, 1980; Mauritius, Oct. 17, 1980.

Trade

Agreement on technical barriers to trade. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9616.
Acceptances: Hungary, Apr. 23, 1980; Japan Apr. 25, 1980; Republic of Korea, Sept. 3, 1980; Singapore, June 3, 1980; Spain, May 9, 1980[8]; Yugoslavia, Sept. 16, 1980.[8]
Ratification deposited: Austria, May 28, 1980.

Agreement on trade in civil aircraft. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9620.
Acceptances. Japan, Apr. 25, 1980; Romania, June 25, 1980.
Ratification deposited: Austria, June 23, 1980.

International dairy arrangement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9623.
Acceptance: Uruguay, July 18, 1980.
Ratification deposited: Austria, May 28, 1980.

Arrangement regarding bovine meat. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9701.
Acceptances: Romania, June 25, 1980; Uruguay, June 16, 1980; Yugoslavia, Sept. 16, 1980.[5]
Ratification deposited: Austria, May 28, 1980.

Agreement on implementation of article VII of the General Agreement on Tariffs and Trade (customs valuation). Done at Geneva Apr. 12, 1979. Enters into force Jan. 1, 1981.
Acceptances: Austria, Dec. 17, 1979; Canada, Dec. 17, 1979[7]; EEC, Dec. 17, 1979; Finland, Dec. 17, 1979[9]; Hungary, July 18, 1980; India, July 11, 1980[7,10]; Japan, Dec. 17, 1979; Norway, Dec. 17, 1979[9]; Romania, June 25, 1980; Spain, May 9, 1980[9,10]; Sweden, Dec. 17, 1979[9]; Switzerland, Dec. 17, 1979; U.K., Dec. 17, 1979[11]; U.S., Dec. 17, 1979[9].
Acceptance deposited: Japan, Apr. 25, 1980.

Protocol to the agreement on implementation of article VII of the General Agreement on Tariffs and Trade. Done at Geneva Nov. 1, 1979. Entered into force Jan. 1, 1981.
Acceptances: Austria, May 17, 1980[9]; EEC, July 29, 1980; Finland, Dec. 17, 1979[9]; Hungary, July 18, 1980; India, July 11, 1980[7,10]; Japan, Apr. 25, 1980; Norway, Dec. 17, 1979[9]; Romania, June 25, 1980; Spain, May 9, 1980[9]; Sweden, Dec. 17, 1979[9]; Switzerland, Dec. 17, 1979[9]; U.K., Sept. 17, 1980[11,12]; U.S., May 28, 1980[9].

Agreement on implementation of article VI of the General Agreement on Tariffs and Trade (antidumping code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9650.
Acceptances: Austria, Dec. 17, 1979[9]. Brazil, Dec. 28, 1979; Canada, Dec. 17, 1979; Czechoslovakia, July 29, 1980; EEC, Dec. 17, 1979; Finland, Dec. 17, 1979; Hungary, Apr. 23, 1980; India, July 11, 1980[10]; Japan, Dec. 17, 1979; Norway, Dec. 17, 1979; Romania, June 25, 1980; Spain, May 9, 1980[9]; Sweden, Dec. 17, 1979; Switzerland, Dec. 17, 1979; U.K., Dec. 17, 1979[11,13]; U.S., Dec. 17, 1979; Yugoslavia, Sept. 16, 1980.[9]
Acceptances deposited: Brazil, May 5, 1980; Japan, Apr. 25, 1980; Norway, Dec. 28, 1979.
Ratifications deposited: Austria, May 28, 1980; Finland, Mar. 13, 1980; Sweden, Dec. 20, 1979.

Agreement on interpretation and application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (subsidies and countervailing duties). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.
Acceptances: Austria, Dec. 17, 1979; Brazil, Dec. 28, 1979[10]; Canada, Dec. 17, 1979; Chile, Oct. 25, 1979[14]; EEC, Dec. 17, 1979; Finland, Dec. 17, 1979; India, July 11, 1980; Japan, Dec. 17, 1979; Republic of Korea, June 10, 1980; Norway, Dec. 17, 1979; Pakistan, Apr. 30, 1980; Sweden, Dec. 17, 1979; Switzerland, Dec. 17, 1979; U.K., Dec. 17, 1979[11,13]; U.S., Dec. 17, 1979; Uruguay, Dec. 31, 1979[9]; Yugoslavia, Sept. 16, 1980.[9]
Acceptances deposited: Japan, Apr. 25, 1980; Norway, Dec. 28, 1979.

Ratifications deposited: Austria, May 28, 1980; Finland, Mar. 13, 1980; Sweden, Dec. 20, 1979.

Agreement on import licensing procedures. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9788.
Acceptances: Argentina, Dec. 17, 1979[9]; Australia, Feb. 25, 1980; Austria, Dec. 17, 1979; Canada, Dec. 17, 1979; Chile, Oct. 25, 1979[14]; EEC, Dec. 17, 1979; Finland, Dec. 17, 1979; Hungary, Jan. 21, 1980; India, July 11, 1980; Japan, Dec. 17, 1979; New Zealand, Dec. 17, 1979; Norway, Dec. 17, 1979; Romania, June 25, 1980; South Africa, Dec. 18, 1979; Sweden, Dec. 17, 1979; Switzerland, Dec. 17, 1979; U.K., Dec. 17, 1979[11,13]; U.S., Dec. 17, 1979; Yugoslavia, Sept. 16, 1980[9].
Acceptances deposited: Japan, Apr. 25, 1980; Norway, Dec. 28, 1979.
Ratifications deposited: Austria, May 28, 1980; Finland, Mar. 13, 1980; Sweden, Dec. 20, 1979.

United Nations
Convention on the privileges and immunities of the U.N. Done at New York Feb. 13, 1946. Entered into force for the U.S. Apr. 29, 1970. TIAS 6900.
Accession deposited: F.R.G., Nov. 5, 1980.

UNIDO
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[2]
Signature: Iran, Nov. 12, 1980.
Ratifications deposited: Bangladesh, Nov. 5, 1980; Indonesia, Nov. 10, 1980.

Wheat
Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended (TIAS 7144)). Done at Washington Mar. 11, 1980. Entered into force provisionally July 1, 1980; entered into force definitively for the U.S. Nov. 11, 1980.
Instrument of ratification signed by the President: Nov. 11, 1980.
Ratification deposited: U.S., Nov. 11, 1980.

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force provisionally for the U.S. with respect to certain parts June 23, 1979, with respect to other parts July 1, 1979; entered into force definitively for the U.S. Nov. 11, 1980.
Instrument of ratification signed by the President: Nov. 11, 1980.
Ratification deposited: U.S., Nov. 11, 1980.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[2]
Ratifications deposited: Barbados, Oct. 16, 1980; China, Nov. 4, 1980.
Signatures: El Salvador, Nov. 14, 1980; Kampuchea, Oct. 17, 1980.

Convention on the political rights of women. Done at New York Mar. 31, 1953. Entered into force July 7, 1954; for the U.S. July 7, 1976. TIAS 8289.
Ratification deposited: Nigeria, Nov. 17, 1980.

WHO
Constitution of the World Health Organization. Done at New York July 22, 1946. Entered into force Apr. 7, 1948; for the U.S. June 21, 1948. TIAS 1808.
Acceptance deposited: Saint Lucia, Nov. 11, 1980.

BILATERAL

Bangladesh
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with exchange of notes. Signed at Dacca Oct. 6, 1980. Enters into force upon the exchange of instruments of ratification.

Brazil
Agreement extending the agreement of Nov. 17, 1977, relating to equal access to ocean carriage of government-controlled cargoes (TIAS 8981), with agreed minutes. Effected by exchange of letters at Washington and Rio de Janiero Oct. 30, 1980. Entered into force Oct. 30, 1980.

Canada
Agreement extending the agreement of May 14, 1971, as amended and extended (TIAS 7125, 8247), regarding a joint program in the field of experimental remote sensing from satellites and aircraft. Effected by exchange of notes at Washington Oct. 20 and Nov. 6, 1980. Entered into force Nov. 6, 1980; effective May 14, 1980.

Protocol amending the convention of Mar. 2, 1953, for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea (TIAS 2900). Signed at Washington Mar. 29, 1979. Entered into force Oct. 15, 1980. TIAS 9855.
Proclaimed by the President: Nov. 11, 1980.

Protocol to amend the convention for the protection, preservation, and extension of the sockeye salmon fisheries in the Fraser River System of May 26, 1930, as amended (50 Stat. 1355, TIAS 3867). Signed at Washington Feb. 24, 1977. Entered into force Oct. 15, 1980. TIAS 9854.
Proclaimed by the President: Nov. 11, 1980.

China
Agreement on grain trade, with exchanges of letters. Signed at Beijing Oct. 22, 1980. Enters into force Jan. 1, 1981.

Parcel post agreement, with detailed regulations. Signed at Washington, Oct. 9, 1980. Entered into force Nov. 8, 1980.

International express mail agreement, with detailed regulations. Signed at Washington Oct. 9, 1980. Entered into force Oct. 9, 1980.

Denmark
Naturalization convention. Signed at Copenhagen July 20, 1872. Entered into force Mar. 14, 1873. 17 Stat. 941.
Notification of termination: U.S., Oct. 3, 1980; effective Oct. 3, 1981.

Finland
Protocol relating to the air transport agreement of Mar. 29, 1949 (TIAS 1945), with exchange of letters. Signed at Washington May 12, 1980.
Entered into force: Dec. 7, 1980.

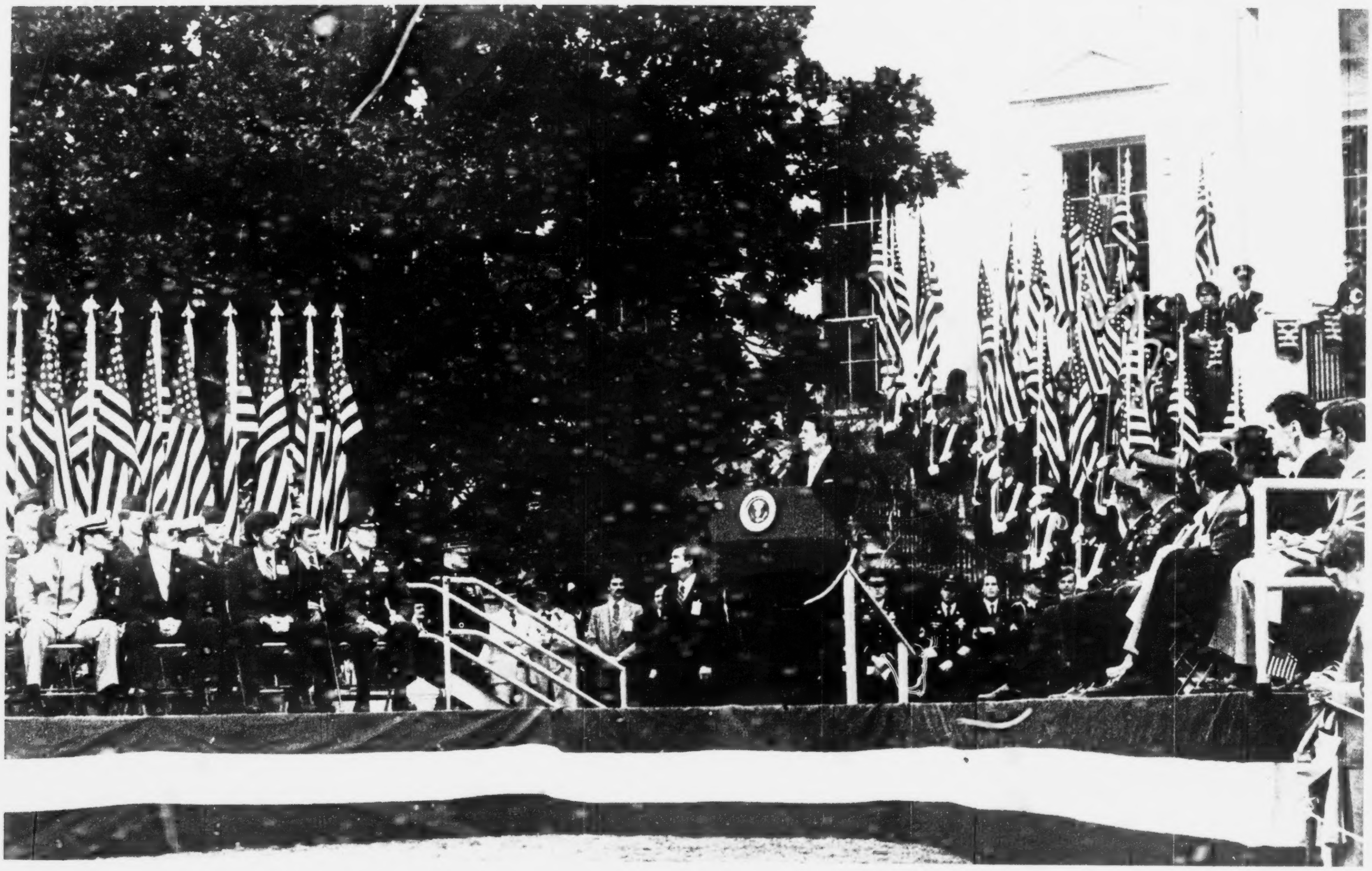
Memorandum of understanding for the development of a cooperative program in the sciences, with annex. Signed at Helsinki Aug. 27, 1980. Entered into force Aug. 27, 1980. TIAS 9848.

France
Convention for the avoidance of double taxation and the prevention of evasion in the cases of taxes on estates, inheritances, and income. Signed at Paris Oct. 18, 1946. Entered into force Oct. 17, 1949. TIAS 1982.
Terminated: Oct. 1, 1980.

Protocol modifying the convention of Oct. 18, 1946 (TIAS 1982), for the avoidance of double taxation and the prevention of evasion in the cases of taxes on estates and inheritances. Signed at Washington May 17, 1948. TIAS 1982.
Terminated: Oct. 1, 1980.

Convention supplementing the convention of July 25, 1939 (59 Stat. 893) and Oct. 18, 1946 (TIAS 1982), relating to the avoidance of double taxation as modified and supplemented by the protocol of May 17, 1948 (TIAS 1982). Signed at Washington June 22, 1956. Entered into force June 13, 1957. TIAS 3844.
Terminated: Oct. 1, 1980.

Agreement relating to cooperation with respect to research and development activities in the field of civil aviation. Signed



At a ceremony on the South Lawn of the White House on January 27, 1981, President Reagan officially welcomes 53 Americans who had been held hostage in Iran.

Agreement on the Release of the American Hostages

Following are announcements by President Carter and Secretary Muskie on the release of the 52 American hostages from Iran; two declarations of the Algerian Government initialed in Algiers by Deputy Secretary Christopher concerning the commitments made by the Governments of Iran and the United States and the settlement of claims; undertakings of the Governments of Iran and the United States with respect to the declaration; the escrow agreement; two statements of adherence by President Carter; ten Executive orders; President Carter's message to the Congress; the technical arrangement between the Central Bank of Algeria and the Bank of England and the Federal Reserve Bank of New York; a special briefing by former Secretary Muskie, former Treasury Secretary G. William Miller, and former Attorney General Benjamin Civiletti; and remarks by President Reagan and L. Bruce Laingen.

PRESIDENT CARTER'S ANNOUNCEMENT, JAN. 19, 1981, 4:56 AM (EST), THE WHITE HOUSE[1]

The President: I know you've been up all night with me and I appreciate that very much.

We have now reached an agreement with Iran which will result, I believe, in the freedom of our American hostages. The last documents have now been signed in Algiers following the signing of the documents in Iran which will result in this agreement. We still have a few documents to sign before the money is actually transferred and the hostages are released.

The essence of the agreement is that following the release of our hostages then we will unfreeze and transfer to the Iranians a major part of the assets which were frozen by me when the Iranians seized our embassy compound and took our hostages.

We have also reached complete agreement on the arbitration procedures between ourselves and Iran with the help of the Algerians which will resolve the claims that exist between residents of our nation and Iran and vice-versa.

I particularly want to express my public thanks, as I have already done privately, to the Algerians, to their President, their Foreign Minister, Ben Yahia, and to the three-man negotiating teams who have done such a superb job in fair and equitable arbitration between ourselves and the officials of Iran. We don't yet know exactly how fast this procedure will go. We are prepared to move as rapidly as possible. All the preparations have been completed pending the final documents being signed.

I will have more to say to you when our American hostages are actually free. In the meantime, Jody Powell will stay in close touch with developments, working with the Secretary of State, the Secretary of the Treasury, my legal counsel, Lloyd Cutler; I'm talking frequently with Warren Christopher in Algiers and Jody Powell will keep you informed about developments. Thank you very much.

Q. How do you feel personally about having the hostages out before you leave office?

The President: I'll wait until the hostages are released and then I'll have another statement to make.

SECRETARY MUSKIE'S ANNOUNCEMENT, JAN. 19, 1981[2]

To My Colleagues in the Foreign Service

The long and anguishing ordeal of our colleagues held captive in Iran is almost over.

They will soon be free. They will soon be home.

They will be released on terms entirely consistent with our national honor.

But our celebration of their release is muted by the suffering that has been so bravely endured.

This has been a time of terrible trial—not only for our people held captive and their families, but for their friends and colleagues throughout this building and government.

The unrelenting and selfless efforts of so many of you have finally achieved success. I congratulate and thank you for these efforts. And I commend the Foreign Service as a whole for its dedication and discipline throughout this period. Your caring, your efforts, your wise advice have once again demonstrated the high standards of professionalism in a Service the nation is so fortunate to have.

EDMUND S. MUSKIE

DECLARATIONS, JAN. 19, 1981[2]

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the four points stated in the resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran. On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two governments:

United States, which branch or office is located within the United States and is, on the effective date, either (a) in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or (b) carrying on its books deposits standing to the credit of or beneficially owned by such Government, agencies, instrumentalities, or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities, and deposits, including interest from November 14, 1979, at commercially reasonable rates, to the Federal Reserve Bank of New York, to be held or transferred as directed by the Secretary of the Treasury.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in Section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in Section 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Financial Assets Held by Non-Banking Institutions

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. Any person subject to the jurisdiction of the United States which is not a banking institution and is on the effective date in possession or control of funds or securities of Iran or its agencies, instrumentalities, or controlled entities is licensed, authorized, directed and compelled to transfer such funds or securities to the Federal Reserve Bank of New York to be held or transferred as directed by the Secretary of the Treasury.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in paragraph 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Certain Iranian Government Assets

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran and in which Iran and the United

States instruct and require that the assets described in this Order shall be transferred as set forth below by the holders of such assets, it is hereby ordered that as of the effective date of this Order:

1-101. All persons subject to the jurisdiction of the United States in possession or control of properties, not including funds and securities, owned by Iran or its agencies, instrumentalities, or controlled entities are licensed, authorized, directed and compelled to transfer such properties, as directed after the effective date of this Order by the Government of Iran, acting through its authorized agent. Except where specifically stated, this license, authorization, and direction does not relieve persons subject to the jurisdiction of the United States from existing legal requirements other than those based upon the International Emergency Economic Powers Act.

1-102. (a) All licenses and authorizations for acquiring or exercising any right, power, or privilege, by court order, attachment, or otherwise, including the license contained in Section 535.504 of the Iranian Assets Control Regulations, with respect to the properties described in Section 1-101 of this Order are revoked and withdrawn.

(b) All rights, powers, and privileges relating to the properties described in section 1-101 of this Order and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m. EST, including those derived from Section 535.504 of the Iranian Assets Control Regulations, other than rights, powers, and privileges of the Government of Iran and its agencies, instrumentalities, and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power, or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power, or privilege, whether by court order or otherwise, with respect to the properties (and any income earned thereon) referred to in Section 1-101 of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets described in paragraph 1-101 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Revocation of Prohibitions Against Transactions Involving Iran

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The prohibitions contained in Executive Order 12205 of April 7, 1980, and Executive Order 12211 of April 17, 1980, and Proclamation 4702 of November 12, 1979, are hereby revoked.

1-102. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purpose of this Order.

1-103. This Order shall be effective immediately.

JIMMY CARTER

Non-Prosecution of Claims of Hostages and for Actions at the United States Embassy and Elsewhere

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The Secretary of the Treasury shall promulgate regulations: (a) prohibiting any person subject to U.S. jurisdiction from prosecuting in any court within the United States or elsewhere any claim against the Government of Iran arising out of events occurring before the date of this Order relating to (1) the seizure of the hostages on November 4, 1979, (2) their subsequent detention, (3) injury to United States property or property of United States nationals within the United States Embassy compound in Tehran after November 3, 1979, or (4) injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran; (b) prohibiting any person not a U.S. national from prosecuting any such claim in any court within the United States; (c) ordering the termination of any previously instituted judicial proceedings based upon such claims; and (d) prohibiting the enforcement of any judicial order issued in the course of such proceedings.

1-102. The Attorney General of the United States is authorized and directed, immediately upon the issuance of regulations in accordance with Section 1-101, to take all appropriate measures to notify all appropriate courts of the existence of this Order and implementing regulations and the resulting termination of litigation.

1-103. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purpose of this Order.

1-104. This Order shall be effective immediately.

JIMMY CARTER

Restrictions on the Transfer of Property of the Former Shah of Iran

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusion. We ask God's special healing for those who suffered wounds and His comfort to those who lost loved ones. To them, to you, and to your families, again, welcome from all America and thank you for making us proud to be Americans.

And now, ladies and gentlemen, I call on, to speak for this wonderful group of returnees, Bruce Laingen, Charge d'Affaires in Tehran. Mr. Laingen.

Mr. Laingen

Mr. President, Mrs. Reagan, members of the Cabinet, Vice President and Mrs. Bush—I think I've got that out of order of priority in protocol terms —members of the Diplomatic Corps who are here, and all you beautiful people out there:

I'm not sure I'm capable of this after that emotionally draining but beautiful experience that all of us have just had on the streets of this magnificent city, Mr. President. I hope you were watching TV, because I don't think any of us Americans have ever seen anything quite like it, quite so spontaneous, quite so beautiful in terms of the best qualities of our people. And we are deeply grateful for it.

L. Bruce Laingen, the senior U.S. diplomat released from Iran, is welcomed to the White House by Mrs. Reagan while President Reagan and Vice President Bush look on. Thomas L. Ahern, another released American, is behind Mr. Laingen.

(White House photo by Michael Evans)

Mr. President, our flight to freedom is now complete: thanks to the prayers and good-will of countless millions of people, not just in this country but all around the world; the assistance of those many countries and governments who understood the values and principles that were at stake in this crisis; and the love and affection of our countrymen from all those tens of thousands out there on the streets today, to that lady that we saw standing on a hillside as we came in from Andrews, all alone, with no sign, no one around her, holding her hand to her heart —the enveloping love and affection of smalltown America of the kind we witnessed in that wonderful 2-day stop in New York State, West Point and its environs; and last, but not least, on this flight to freedom, the United States Air Force on Freedom I.

Mr. President, I give you now 52 Americans, supplemented by a 53d today, Richard Queen sitting over here, overjoyed in reunion with our families, the real heroes in this crisis; 53 Americans, proud to rejoin their professional colleagues who had made their flight to freedom earlier—our 6 colleagues who came here with the great cooperation and friendship of our Canadian friends, and our 13 who came earlier. I give you now 53 Americans, proud, as I said earlier today, to record their undying respect and affection for the families of those brave eight men who gave their lives so that we might be free, 53 of us proud today, this afternoon, and also to see and to meet with some of those families and Colonel Beckwith and some of those who came back. Fifty-three Americans who will always have a love affair with this country and who join with you in a prayer of thanksgiving for the way in which this crisis has strengthened the spirit and resilience and strength that is the mark of a truly free society.

Mr. President, we've seen a lot of signs along the road, here and up in New York. They are marvelous signs, as is the spirit and enthusiasm that accompanies this, what we've been calling "a celebration of freedom." They are signs that have not been ordered. They are spontaneous, sincere signs that reflect the true feelings of the hearts of those who hold them, even those, I suppose, like "IRS welcomes you" [laughter] which we saw today as we came into town, and another one that said, "Government workers welcome you back to work." Well, we're ready.

There was another sign that said, and I think that says it as well as any as far as we're concerned: "The best things in life are free." But even better than that was a sign that we saw as we left West Point today along a superhighway up there that someone had hastily put out: "And the world will be better for this." We pray, Mr. President, that this will be so.

Mr. President, in very simple words that come from the hearts of all of us; it is good to be back. Thank you, America, and God bless all of you. Thank you very much.

President Reagan

Thank you. This is a flag in this case bearing your name, and it is a symbol I will give to you now, because all the others, you will each receive one when we get inside the building. Each one of you will have a flag symbolic of the 53 that are here in your honor.

And now—I think now a fit ending for all of this would be for all of us to participate in singing "God Bless America." [*The audience sang "God Bless America."*]

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[1] Text from White House press release of Jan. 19, 1981.

[2] Made available to the press by Department spokesman John Trattner.

[3] Made available to the press by acting Department spokesman William J. Dyess on Feb. 2.

[4] Text from White House press release of Jan. 20.

[5] Remarks from White House press release of Jan. 27. ■

American Hostages in Iran

Following is a list of the Americans who were held hostage in Iran. Fifty-two were held from November 4, 1979, to January 20, 1981 (444 days); the others were released as noted.

1. Thomas L. Ahern
   Political Section
2. Clair Barnes
   Communications Section
3. William F. Belk
   Communications Section
4. Robert Blucker
   Commercial Section
5. Donald J. Cooke
   Consular Section
6. William J. Daugherty
   Political Section
7. Robert A. Engelmann
   LCDR, U.S. Navy
   Defense Liaison Office
8. William A. Gallegos
   Sgt., USMC
   Marine Security Guard
9. Bruce W. German
   Administrative Section
10. Duane L. Gillette
    PO1, U.S. Navy
    Defense Attache Office
11. Alan B. Golacinski
    Security Section
12. John E. Graves
    ICA
13. Kathy J. Gross*
    Secretary
14. Joseph M. Hall
    WO1, U.S. Army
    Defense Attache Office
15. Kevin J. Hermening
    Sgt., USMC
    Marine Security Guard
16. Donald R. Hohman
    Sp. 6, U.S. Army
    Medical Corpsman
17. Leland J. Holland
    COL, U.S. Army
    Defense Attache Office
18. Michael H. Howland
    Security Section
19. James O. Hughes*
    S/Sgt., U.S. Air Force
    Administrative Specialist
20. Lillian Johnson*
    Secretary
21. Charles Jones, Jr.
    Communications Section
22. Malcolm Kalp
    Economic/Commercial Section
23. William Keough
    School Superintendent
24. Moorhead Kennedy
    Economic Section
25. Steven W. Kirtley
    Sgt., USMC
    Marine Security Guard
26. Kathryn L. Koob
    ICA
27. Frederick Kupke
    Communications Section
28. L. Bruce Laingen
    Charge d'Affaires
29. Steven M. Lauterbach
    General Services Officer
30. Gary E. Lee
    General Services Officer
31. Paul E. Lewis
    Sgt., USMC
    Marine Security Guard
32. John W. Limbert
    Political Section
33. James M. Lopez
    Sgt., USMC
    Marine Security Guard
34. Ladell Maples*
    Sgt., USMC
    Marine Security Guard
35. John D. McKeel
    Sgt., USMC
    Marine Security Guard
36. Michael J. Metrinko
    Political Section
37. Jerry J. Miele
    Communications Section
38. Michael E. Moeller
    S/Sgt., USMC
    NCO in charge of Marine Security Detachment
39. Elisabeth Montagne*
    Secretary
40. Bert C. Moore
    Administrative Section
41. Richard H. Morefield
    Consular Section
42. Paul M. Needham
    CAPT, U.S. Air Force
    Logistics Plans and Programs Officer
43. Robert Ode
    Consular Section
44. Gregory A. Persinger
    Sgt., USMC
    Marine Security Guard
45. Jerry Plotkin
    Businessman
46. William E. Quarles*
    Sgt., USMC
    Marine Security Guard
47. Richard I. Queen**
    Consular Section
48. Regis Magan
    MSG, U.S. Army
    Military Liaison Office
49. Neal T. Robinson*
    CAPT, U.S. Air Force
    Plans Officer
50. David M. Roeder
    LTC, U.S. Air Force
    Defense Attache Office
51. Lloyd A. Rollins*
    General Services Officer
52. Barry M. Rosen
    ICA
53. William B. Royer, Jr.
    ICA
54. Thomas E. Schaefer
    COL, U.S. Air Force
    Defense and Air Attache
55. Charles W. Scott
    COL, U.S. Army
    Chief, Military Liaison Office
56. Don A. Sharer
    CDR, U.S. Navy
    Defense Liaison Office
57. Rodney V. Sickman
    Sgt., USMC
    Marine Security Guard
58. Joseph Subic
    SSG, U.S. Army
    Defense Attache Office
59. Elizabeth A. Swift
    Political Section
60. Terri L. Tedford*
    Secretary
61. Victor L. Tomseth
    Political Section
62. Joseph E. Vincent*
    MSG, U.S. Air Force
    U.S. Military Assistance Group
63. David R. Walker*
    Sgt., USMC
    Marine Security Guard
64. Joan Walsh*
    Secretary
65. Philip R. Ward
    Communications Section
66. Wesley Williams*
    Cpl., USMC
    Marine Security Guard

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*Released Nov. 18 – 20, 1979.
**Released July 10, 1980.

NOTE: When Iranian militants took over the U.S. Embassy in Tehran on November 4, 1979, six Americans managed to elude capture; they sought and were granted refuge in the Canadian Embassy. They left Iran on January 29, 1980, posing as Canadian diplomats and carrying Canadian passports with forged Iranian visas. Those Americans were Robert G. Anders, Mark J. Lijek, Cora Amburn Lijek, Joseph D. Stafford, and Kathleen F. Stafford, all consular officers, and H. Lee Schatz, an agricultural specialist. ■

Q. Have you asked the Algerians to emphasize that point to the Iranians, that time is running out?

A. Oh, indeed, and it wasn't necessary for us to emphasize it. They're quite aware of it, too.

Q. They can look at the calendar as well.

A. Yes.

Q. Is there any indication at this point as to when this next Iranian response to our counterproposals is going to be received here in the United States?

A. No, there isn't. I think that Rajai is scheduled to hold another press conference tomorrow. He had one today and gave us no response.

Q. It must be terribly frustrating for you to have to get information from a press conference every day or so.

A. Now it doesn't seem to me that you take your profession seriously enough. Aren't press conferences supposed to be informative?

Q. [Laughing] All right. Yes, sir.

A. But you're absolutely right. And, like so many politicians in this country, as well as in Iran, they often say things in public that are not necessarily a clue to what their thinking is or what they may be planning to do.

Q. Have the statements by President-elect Reagan, particularly those characterizing the Iranians as barbarians, have they been helpful or hurtful to the negotiations or the discussions—whatever you want to call them?

A. That's hard to measure. Certainly it struck a chord over in Iran and some very vigorous reactions. But he has, of course, made it clear to them that they can't expect a better deal in a Reagan Administration than they can get from the Carter Administration, and to that extent perhaps it's useful.

Q. What do you make of all this talk in the last several days—and it's just talk, as I understand it—but the suggestion that some people are going to make to President-elect Reagan that what he ought to do is ask the Congress to declare war on Iran. Does that sound like a good idea to you?

A. If we do that, we risk turning away from one of our two objectives. Our two objectives from the beginning of this Administration have been, first, the hostages' safety and speedy return—the word "speedy" has to be dropped now—and, secondly, to do so consistent with national honor.

Once we go to these other alternatives, there is a risk. There are risks even in our present strategy, so it may be that another look at those options would be in order. But the fact that one looks at options doesn't necessarily mean that one is looking seriously at one option or another. And I think a new administration would, as I think Vice President-elect Bush put it, examine the problem from ground zero.

When you do that, you look at a lot of options that you won't necessarily consider seriously, and I don't think it would be useful for me to prejudge options that may not be considered seriously.

Q. Why is it in the Iranian interest to solve this before the Carter Administration leaves?

A. It seems logical to me, even in terms of their own interest, that they should have solved it long ago. But our logic doesn't seem to run parallel with Iranian logic.

Q. You mentioned national honor a moment ago. We've rejected the $24 billion deposit demand. We have offered, as I understand, something like $6 billion. Why is our offer of $6 billion consistent with national honor and their demand for $24 billion not acceptable as consistent with national honor?

A. The principles on which we have been negotiating—two important principles; one, if they will undo what they did—that is, seize the hostages—we would do everything we can within the limits of the President's authority to undo what we did in retaliation. The $6 billion figure, which doesn't come from the State Department or any official source—and I'm not going to use any numbers—but the number that has been used is that the assets frozen at the time the hostages were seized amounted to about $8 billion. Any sum in excess of that would do more than restore our financial relationship to the *status quo ante*. That's the first principle.

The second principle is that if and when this exchange of actions is taken, they must be taken simultaneously—that is, so that we are sure of getting the hostages back for taking our action and so that they are sure of getting their assets back.

The complicating factor in all of this is that subsequent to the freezing of the assets, a great number of suits arising out of business and banking arrangements that the Iranians had entered into before the seizure of the hostages changed. Banks offset loans against assets; people with claims against Iran filed suit and made attachments. That's the complicating factor.

One cannot just arbitrarily wipe out the rights of those people to a judicial settlement of their claims. That's the complicating factor; and it is the amount of those claims, which is very hard to measure, that complicates the net numbers to which you referred. There's nothing like $24 billion in Iranian assets involved in all of this.

Q. So is it wrong to think of this as a negotiation like a labor negotiation where they start with a high demand and then there's a lower offer and gradually the two sides come together monetarily?

A. I don't see it in that fashion at all. Recall that I said the principle is to restore each other's position to what it was. Given the fact that a year irrevocably changes those positions to some extent, you can't give the hostages back that wasted year; and, in the case of the assets, these attachments have complicated the Iranians' claim to their assets. So you can't put them back.

And so you're dealing with fixed items. You can't negotiate down the claims. What we've offered to do is to create an international claims settlement procedure—which would substitute for the judicial process—to make judgments as to the validity of claims and to arrange for their settlement.

In order to wipe the slate clean at some point, Iran has said that it is willing to pay its just debts. But, beyond that, it is not willing to concede against its own assets. So the numbers are not really that flexible.

Q. It sounds as though there's not much more room for maneuver.

A. To answer that question adequately would require that I go into the matter more extensively than I think would be helpful.

Q. On a scale of 1 to 10, what do you think the chances are of the hostage situation being resolved by the deadline, January 16?

A. That method of measuring is useful in the United States but not in Iran.

Proposed Chad-Libya Merger

DEPARTMENT STATEMENT,
JAN. 9, 1981[1]

We are very concerned about reports coming from Tripoli that Libya and Chad plan to work toward a merger of their two states. Without trying to intervene in Chad's internal affairs, we must note that it appears the entire National Union Transition Government (GUNT) has not been consulted about this proposal.

Our policy has been clear from the beginning. We support the provisions of the Lagos accord and the Lagos communique. The United States has also long been attached to the principle of noninterference by one state in the internal affairs of another.

Most of Africa has expressed a great concern in recent days over Libya's blatant behavior. We share this concern and want to work with the African states to assure Chad's national sovereignty and territorial integrity.

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[1] Read to news correspondents by Department spokesman John Trattner. ■

Q. You won't play my game, then?

A. No.

Q. [Laughing] Okay. Moving on to another major problem of Iran, which is its war with Iraq. Yesterday Iran announced that it had launched a major counteroffensive against Iraq. Is that real, as best you can tell?

A. I know what Iranian reports say about it. What they claim to have been involved in is Iraqi casualties in the hundreds. In terms of World War II, that's not a major offensive, but in terms of this war, that is a sizable loss. And they claim this victory.

Reports out of Iraq these days, or this morning—and I've been caught up in other things all day—made no reference to such an offensive. So all we have is the Iranian report, and Bani-Sadr, who's in charge of the military operation, made that report to Khomeini and received a note of congratulations. That's the evidence that there was such an offensive.

The war has bogged down—it's the rainy season there now—into sort of a war of attrition at a very low pace. At this point neither country seems to be in a position to achieve a quick victory over the other. It looks like a long, dragged out process which is taking its toll on both countries economically. They've lost a sizable portion of their oil revenues.

In the case of Iran, the sanctions, which were imposed as a result of the hostage issue, are denying it access to markets that otherwise would enable it to improve its ability to sustain the war effort. But Iraq, also, is suffering economic damage. So it looks now as though the war has settled down for the long term.

Whether or not at some point both parties will be receptive to the termination of hostilities, a cease-fire, withdrawal from territories, negotiations, I think that is the objective toward which we ought to address our efforts with other countries in the Security Council.

Q. But it doesn't look like that's on the immediate horizon, right?

A. No, it does not.

Q. Let me move on to another part of the world—Poland. Is the immediate threat of Soviet intervention there pretty well subsided for now?

A. Let me describe it as accurately as I can on the basis of the information that we have. There has been some reduction in Soviet military activity, but their state of readiness is still at the high level that it achieved in December. So they're in a position, militarily, to move on fairly short notice.

Internally, the tension level seems to have been reduced somewhat, but there are some difficult points ahead of us. There's the question of work-free Saturdays, for example. There's the question of the union for the farmers. And down the road further there's a scheduled congress of the party in Poland.

There is a very difficult economic situation which could trigger political reactions and then counterreactions from the government and maybe conceivably from the Soviet Union. So it's going to be a very delicate, sensitive, and potentially volatile situation for some time.

Q. In El Salvador as of last week, six Americans have recently been killed there—Americans who were working there, privately or under government auspices. Is there anything that requires changing American policy or that can be done to stop this loss of American life there?

A. First of all, one must understand the basic situation. We have two forces contending for control in El Salvador: the right, made up of those who occupy the privileged position in the economy of the country traditionally; and the disadvantaged and dispossessed who seek to achieve a government that's more sensitive to their needs and their aspirations. There are those in both groups inclined to violence, and they both succeeded to the extent that last year there were 9,000 lives lost altogether.

The government is made up of a junta with military representation; a president, who is a civilian and a member of the Christian Democratic Party which is seeking to establish a moderate government and has pledged itself to reforms, land reform, which is perhaps the most important and significant and key reform proposal and which led to the deaths of the two Americans who were just killed and a very significant El Salvadoran political figure, Mr. Viera [Jose Rodolfo Viera, President of El Salvador's Institute for Agrarian Transformation], who was sensitive to the needs of the poor and the disadvantaged.

The land reform program is the object of the displeasure of both the left and the right. The privileged people who have owned the land and, in effect, dominated the economy see land reform as a threat to their privileged position. The left sees land reform as a reform which frustrates the kind of change that they would like to initiate through violence and overthrow. So land reform and reforms of this kind that are sponsored by the government are attacked and resisted from both ends of the spectrum.

Mr. Hammer, who was one of the Americans killed, regrettably, in this recently was in charge of the land reform program. He had enemies on both sides. The question is, from which side of the political spectrum did the attack come? President Duarte and the Defense Minister responded quickly to protests of our charge [d'affaires], and they're pressing for an investigation.

But the problem is how to get the moderate center established and credible and how to build support for them, given these pressures from the left and the right. And people get caught in the at Washington and Paris July 10, 1980. Entered into force July 10, 1980.

Germany, Federal Republic of
Agreement relating to the taking of evidence. Effected by exchange of notes at Bonn Oct. 17, 1979, and Feb. 1, 1980. Entered into force Feb. 1, 1980.

Agreement on cooperation in coal liquefaction using the SRC-II process. Signed Oct. 5, 1979. Entered into force Oct. 5, 1979.

Protocol relating to the agreement of Oct. 5, 1979, on cooperation in coal liquefaction using the SRC-II process. Signed at Washington July 31, 1980. Entered into force July 31, 1980.

Indonesia
Agreement extending certain provisions of the agreement of June 8, 1960, as amended and extended (TIAS 4557, 6124, 7001) for cooperation concerning civil uses of atomic energy, and requiring IAEA safeguards with respect to all peaceful nuclear activities in Indonesia. Effected by exchange of notes at Jakarta Sept. 16 and 19, 1980. Entered into force Sept. 19, 1980.

International Hydrographic Bureau
Agreement relating to a procedure for United States income tax reimbursement. Effected by exchange of letters at Washington and Monaco Aug. 27 and Oct. 16, 1980. Entered into force Oct. 16, 1980.

Japan
Agreement on cooperation in coal liquefaction using the SRC-II process. Signed at Washington July 31, 1980. Entered into force July 31, 1980.

Memorandum of consultations on provisional measures relating to air transport services. Signed at Tokyo Sept. 20, 1980. Entered into force Sept. 20, 1980.

Mexico
Cooperative agreement to assist the Government of Mexico in combating the Mediterranean fruit fly (MEDFLY). Signed at Mexico and Washington Aug. 26 and Sept. 17, 1980. Entered into force Sept. 17, 1980.

Agreement amending the agreement of Apr. 25, 1980 (TIAS 9772) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of notes at Mexico Oct. 10, 1980. Entered into force Oct. 10, 1980.

Morocco
Agreement amending and extending the agreement of July 17, 1979 (TIAS 9618), establishing a Provisional Commission on Educational and Cultural Exchange. Effected by exchange of notes at Rabat Sept. 24, 1980. Entered into force Sept. 24, 1980.

Nicaragua
Loan agreement for the reconstruction program loan. Signed at Managua Oct. 17, 1980. Entered into force Oct. 17, 1980.

Nigeria
Agreement for scientific and technological cooperation. Signed at Lagos Sept. 22, 1980. Entered into force Sept. 22, 1980.
Memorandum of understanding on environmental protection. Signed at Lagos Sept. 22, 1980. Entered into force Sept. 22, 1980.

Panama
Agreement relating to jurisdiction over vessels utilizing the Louisiana Offshore Oil Port. Effected by exchange of notes at Washington Mar. 21 and 24, 1980. Entered into force Mar. 24, 1980.
Superseded by agreement of Aug. 15 and Oct. 10, 1980.

Senegal
Agreement for scientific and technical cooperation. Signed at Dakar Sept. 30, 1980. Enters into force upon notification of each government to the other that the constitutional formalities in force in each country have been accomplished.

Sweden
Naturalization convention and protocol. Signed at Stockholm May 26, 1869. Entered into force June 14, 1871. 17 Stat. 809.
Notification of termination: United States, Oct. 3, 1980; effective Oct. 3, 1981.

World Intellectual Property Organization
Agreement with the U.S. relating to cooperation in the promotion of industrial property protection. Signed at Geneva Sept. 26, 1980. Entered into force Sept. 26, 1980.

Yugoslavia
Agreement relating to the reciprocal granting of authorization to permit licensed amateur radio operators who are citizens of either country to operate their stations in the other country. Effected by exchange of notes at Belgrade Oct. 31 and Nov. 11, 1980. Entered into force Nov. 11, 1980.

Zimbabwe
Memorandum of understanding on cooperation in the field of agricultural science and technology. Signed at Salisbury Sept. 25, 1980. Entered into force Sept. 25, 1980.

Agreement for scientific and technical cooperation. Signed at Salisbury Sept. 25, 1980. Entered into force Sept. 25, 1980.

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[1] With statement.

[2] Not in force.

[3] Not in force for the U.S.

[4] Effective in respect of Bermuda and Hong Kong.

[5] Subject to approval.

[6] Effective in respect of the Netherlands Antilles.

[7] With reservation(s).

[8] Subject to ratification or approval.

[9] Subject to ratification, acceptance or approval.

[10] With declaration(s).

[11] In respect of the territories for which it has international responsibility except for: Antigua, Bermuda, Brunei, Cayman Islands, Montserrat, St. Kitts-Nevis, Sovereign Base Areas, Cyprus.

[12] Accepted in respect to Hong Kong May 12, 1980.

[13] Exception extended to British Virgin Islands.

[14] Ad referendum. ■

November 1980

Events pertaining to Iran may be found on page 28.

November 4
U.S. holds national elections. Republican Party candidate Ronald W. Reagan wins the Presidential election, replacing Jimmy Carter of the Democratic Party.

November 5
U.S. contributes $250,000 to U.N. World Assembly on the Elderly which is to be held August 1982.

Ambassador McHenry signs the Common Fund for Commodities Agreement on behalf of the U.S.

November 11
The Madrid followup meeting of the Conference on Security and Cooperation in Europe (CSCE) opens in Madrid with former Attorney General Griffin B. Bell as chairman of the U.S. delegation and Max M. Kampelman as cochairman.

November 14
Government of Guinea-Bissau is overthrown in a coup d'etat led by its Prime Minister Joao Bernardo Vieira.

Iran lifts restrictions on foreign reporters who wish to cover the Iran-Iraq war.

November 17

Semiannual U.S.-European Community (EC) high-level consultations are held at Department of State November 17–18. Under Secretary for Economic Affairs Richard N. Cooper and Director General for External Relations of the Commission of the European Communities Sir Roy Denman lead U.S. and EC delegations, respectively.

Deposit of Honduras-El Salvador Peace Treaty in OAS ceremony.

November 19

10th General Assembly of the Organization of American States (OAS) is held in Washington, D.C. November 19–26.

By a vote of 111 to 22, with 12 abstentions, U.N. General Assembly repeats its call for the Soviet Union to withdraw troops from Afghanistan.

November 23

Miami Conference on Caribbean Trade, Investment, and Development is held November 23–25 in Florida. U.S. is represented by Assistant Secretary for Inter-American Affairs, William G. Bowdler, and Counselor Rozanne L. Ridgway.

High-level foreign participation is represented by Costa Rican President Carazo; Prime Ministers Seaga, of Jamaica; Adams, of Barbados; Charles, of Dominica; Vice President Alfaro of Costa Rica; and a number of Minister-level representatives from the Caribbean Basin.

November 24

U.S.-Venezuela exchange instruments of ratification of the Maritime Boundary Treaty.

November 25

The Government of Upper Volta is overthrown in a military coup d'etat led by Col. Saye Zerbo, a former foreign minister and the commander of armed forces in Ouagadougou.

November 29

Secretary Muskie makes official visit to Mexico, November 29–December 1 to review work of U.S.-Mexico Consultative Mechanism.

November 30

Uruguay holds plebiscite on new constitution proposed by ruling military. Proposed count was rejected by approximately 55% of voters. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
310	11/1	Muskie: news conference
*311	10/31	U.S.-Gabon sign Intercountry Agreement.
*312	10/31	Oceans and International, Environmental and Scientific Affairs Advisory Committee, Nov. 10.
313	11/2	Muskie: interview on "Issues and Answers."
*314	11/3	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on radiocommunication, Nov. 20.
*315	11/3	SCC, SOLAS, working group on ship design and equipment, Nov. 20.
*316	10/29	Muskie: question-and-answer session with radio station WOR.
*317	11/5	Thomas D. Boyatt sworn in as Ambassador to Colombia (biographic data).
*318	11/7	Muskie: interview for National Public Radio, Oct. 31.
*319	11/17	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, Dec. 3.
*320	11/17	U.S.-Socialist Republic of Romania sign textile agreement, Sept. 3 and Nov. 3.
321	11/17	U.S.-Micronesia initial a compact of free association.
*322	11/17	International Radio Consultative Committee (CCIR), study group 1, Dec. 10.
*323	11/17	CCIR, study group 4, Dec. 17.
*324	11/18	U.S.-Socialist Republic of Romania amend bilateral textile agreement.
325	11/19	Muskie: remarks before the General Assembly of the OAS.
*326	11/21	Jamaican Prime Minister Edward Seaga gives keynote address at the Miami Conference on Caribbean Trade, Investment, and Development, Key Biscayne, Nov. 23–25.
*327	11/21	U.S.-Venezuela exchange instruments of ratification of Maritime Boundary Treaty.
*328	11/25	CCIR, study group 2, Dec. 12.
*329	11/25	Advisory Committee on International Investment, Technology, and Development, working group on accounting standards and U.N./OECD investment undertakings, Dec. 15.
*330	11/25	Advisory Committee on International Investment, Technology, and Development, working group on transborder data flows, Dec. 2.
†331	11/26	Status of the World's Nations, 1980, Department of State publication 8735, released.

* Not printed in the Bulletin.
† Held for a later issue. ■

U.S.U.N.

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York N.Y. 10017.

No.	Date	Subject
*87	8/12	Ambassador McCall returns from the Caribbean.
*88	8/18	Statement on Puerto Rico.
89	8/20	Muskie: Jerusalem, Security Council.
*90	8/25	U.S. delegation to 11th Special Session on Development.
*91	8/25	McHenry: Zimbabwe mbership, General Assembly.

GENERAL PRINCIPLES

The undertakings reflected in this Declaration are based on the following general principles:

A. Within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction, as set forth in Paragraphs 4-9.

B. It is the purpose of both parties, within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, to terminate all litigation as between the Government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration. Through the procedures provided in the Declaration, relating to the Claims Settlement Agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained therein, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

Point I: Non-Intervention in Iranian Affairs

1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

Points II and III: Return of Iranian Assets and Settlement of U.S. Claims

2. Iran and the United States (hereinafter "the parties") will immediately select a mutually agreeable central bank (hereinafter "the Central Bank") to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter "the Algerian Central Bank") as depositary of the escrow and security funds hereinafter prescribed and will promptly enter into depositary arrangements with the Central Bank in accordance with the terms of this declaration. All funds placed in escrow with the Central Bank pursuant to this declaration shall be held in an account in the name of the Algerian Central Bank. Certain procedures for implementing the obligations set forth in this Declaration and in the Declaration of the Democratic and Popular Republic of Algeria concerning the settlement of claims by the Government of the United States and the Government of the Islamic Republic of Iran (hereinafter "the Claims Settlement Agreement") are separately set forth in certain Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Democratic and Popular Republic of Algeria.

3. The depositary arrangements shall provide that, in the event that the Government of Algeria certifies to the Algerian Central Bank that the 52 U.S. nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the Central Bank to transfer immediately all monies or other assets in escrow with the Central Bank pursuant to this declaration, provided that at any time prior to the making of such certification by the Government of Algeria, each of the two parties, Iran and the United States, shall have the right on seventy-two hours notice to terminate its commitments under this declaration.

If such notice is given by the United States and the foregoing certification is made by the Government of Algeria within the seventy-two hour period of notice, the Algerian Central Bank will thereupon instruct the Central Bank to transfer such monies and assets. If the seventy-two hour period of notice by the United States expires without such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the Central Bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this declaration shall be of no further force and effect.

ASSETS IN THE FEDERAL RESERVE BANK

4. Commencing upon completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3 above.

ASSETS IN FOREIGN BRANCHES OF U.S. BANKS

5. Commencing upon the completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank, to the account of the Algerian Central Bank, of all Iranian deposits and securities which on or after November 14, 1979, stood upon the books of overseas banking offices of U.S. banks, together with interest thereon through December 31, 1980, to be held by the Central Bank, to the account of the Algerian Central Bank, in escrow until such time as their transfer or return is required in accordance with Paragraph 3 of this Declaration.

ASSETS IN U.S. BRANCHES OF U.S. BANKS

6. Commencing with the adherence by Iran and the United States to this declaration and the claims settlement agreement attached hereto, and following the conclusion of arrangements with the Central Bank for the establishment of the interest-bearing security account specified in that agreement and Paragraph 7 below, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank, within six months from such date, of all Iranian deposits and securities in U.S. banking institutions in the United States, together with interest thereon, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3.

7. As funds are received by the Central Bank pursuant to Paragraph 6 above, the Algerian Central Bank shall direct the Central Bank to (1) transfer one-half of each such receipt to Iran and (2) place the other half in a special interest-bearing security account in the Central Bank, until the balance in the security account has reached the level of $1 billion. After the $1 billion balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to Paragraph 6 to be transferred to Iran. All funds in the security account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the claims settlement agreement. Whenever the Central Bank shall thereafter notify Iran that the balance in the security account has fallen below $500 million, Iran shall promptly make new deposits sufficient to maintain a minimum balance of $500 million in the account. The account shall be so maintained until the President of the Arbitral Tribunal established pursuant to the claims settlement agreement has certified to the Central Bank of Algeria that all arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

OTHER ASSETS IN THE U.S. AND ABROAD

8. Commencing with the adherence of Iran and the United States to this declaration and the attached claims settlement agreement and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank of all Iranian financial assets (meaning funds or securities) which are located in the United States and abroad, apart from those assets referred to in Paragraph 5 and 6 above, to be held by the Central Bank in escrow until their transfer or return is required by Paragraph 3 above.

9. Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement and the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will arrange, subject to the provisions of U.S. law applicable prior to November 14, 1979, for the transfer to Iran of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

NULLIFICATION OF SANCTIONS AND CLAIMS

10. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will revoke all trade sanctions which were directed against Iran in the period November 4, 1979, to date.

11. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claim of the United States or a United States national arising out of events occurring before the date of this declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979, (B) their subsequent detention, (C) injury to United States property or property of the United States nationals within the United States Embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran in the courts of the United States of any pending or future claim asserted by persons other than the United States nationals arising out of the events specified in the preceding sentence.

Point IV: Return of the Assets of the Family of the Former Shah

12. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will freeze, and prohibit any transfer of, property and assets in the United States within the control of the estate of the former Shah or of any close relative of the former Shah served as a defendant in U.S. litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendant, including the estate of the former Shah, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by U.S. law.

13. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran, all information known to them, as of November 3, 1979, and as of the date of the order, with respect to the property and assets referred to in Paragraph 12. Violation of the requirement will be subject to the civil and criminal penalties prescribed by U.S. law.

14. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will make known, to all appropriate U.S. courts, that in any litigation of the kind described in Paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

15. As to any judgment of a U.S. court which calls for the transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist within the United States.

16. If any dispute arises between the parties as to whether the United States has fulfilled any obligation imposed upon it by Paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of a failure by the United States to fulfill such obligation, it shall make an appropriate award in favor of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

SETTLEMENT OF DISPUTES

17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration or the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws.

Initialed on January 19, 1981

by Warren M. Christopher
Deputy Secretary of State
of the Government of the United States
By virtue of the powers vested in him by his
Government as deposited with the
Government of Algeria

DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA CONCERNING THE SETTLEMENT OF CLAIMS BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

The Government of the Democratic and Popular Republic of Algeria, on the basis of formal notice of adherence received from the Government of the Islamic Republic of Iran and the Government of the United States of America, now declares that Iran and the United States have agreed as follows:

ARTICLE I

Iran and the United States will promote the settlement of the claims described in Article II by the parties directly concerned. Any such claims not settled within six months from the date of entry into force of this agreement shall be submitted to binding third-party arbitration in accordance with the terms of this agreement. The aforementioned six months' period may be extended once by three months at the request of either party.

ARTICLE II

1. An International Arbitral Tribunal (the Iran-United States Claims Tribunal) is hereby established for the purpose of deciding claims of nationals of the United States against Iran and claims of nationals of Iran against the United States, and any counterclaim which arises out of the same contract, transaction or occurrence that constitutes the subject matter of that national's claim, if such claims and counterclaims are outstanding on the date of this agreement, whether or not filed with any court, and arise out of debts, contracts (including transactions which are the subject of letters of credit or bank guarantees), expropriations or other measures affecting property rights, excluding claims described in Paragraph 11 of the Declaration of the Government of Algeria of January 19, 1981, and claims arising out of the actions of the United States in response to the conduct described in such paragraph, and excluding claims arising under a binding contract between the parties specifically providing that any disputes thereunder shall be within the sole jurisdiction of the competent Iranian courts in response to the Majlis position.

2. The Tribunal shall also have jurisdiction over official claims of the United States and Iran against each other arising out of contractual arrangements between them for the purchase and sale of goods and services.

3. The Tribunal shall have jurisdiction, as specified in Paragraphs 16–17 of the Declaration of the Government of Algeria of January 19, 1981 over any dispute as to the interpretation or performance of any provision of that declaration.

sual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. For the purpose of protecting the rights of litigants in courts within the United States, all property and assets located in the United States within the control of the estate of Mohammad Reza Pahlavi, the former Shah of Iran, or any close relative of the former Shah served as a defendant in litigation in such courts brought by Iran seeking the return of property alleged to belong to Iran, is hereby blocked as to each such estate or person until all such litigation against such estate or person is finally terminated.

1-102. The Secretary of the Treasury is authorized and directed (a) to promulgate regulations requiring all persons who are subject to the jurisdiction of the United States and who, as of November 3, 1979, or as of this date, have actual or constructive possession of property of the kind described in Section 1-101, or knowledge of such possession by others, to report such possession or knowledge thereof, to the Secretary of the Treasury in accordance with such regulations and (b) to make available to the Government of Iran or its designated agents all identifying information derived from such reports to the fullest extent permitted by law. Such reports shall be required as to all individuals described in 1-101 and shall be required to be filed within 30 days after publication of a notice in the *Federal Register*.

1-103. The Secretary of the Treasury is authorized and directed (a) to require all agencies within the Executive Branch of the United States Government to deliver to the Secretary all official financial books and records which serve to identify any property of the kind described in Section 1-101 of this Order, and (b) to make available to the Government of Iran or its designated agents all identifying information derived from such books and records to the fullest extent permitted by law.

1-104. The Attorney General of the United States having advised the President of his opinion that no claim on behalf of the Government of Iran for the recovery of property of the kind described in Section 1-101 of this Order should be considered legally barred either by sovereign immunity principles or by the act of state doctrine, the Attorney General is authorized and directed to prepare, and upon the request of counsel representing the Government of Iran to present to the appropriate court or courts within the United States, suggestions of interest reflecting that such is the position of the United States, and that it is also the position of the United States that Iranian decrees and judgments relating to the assets of the former Shah and the persons described in Section 1-101 should be enforced by such courts in accordance with United States law.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

President's Commission on Hostage Compensation

By the authority vested in me by the Constitution and statutes of the United States of America, and as President of the United States of America, in accordance with the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), it is hereby ordered as follows:

1-1. *Establishment.*

1-101. There is established the President's Commission on Hostage Compensation, hereinafter referred to as the Commission, which shall be composed of not more than nine members who shall be appointed by the President.

1-102. The President shall designate a Chairman from among the members.

1-2. *Functions.*

1-201. The Commission shall study and analyze, and make recommendations to the President on, the question whether the United States should provide financial compensation to United States nationals who have been held in captivity outside the United States, either (1) by or with the approval of a foreign government, or (2) by reason of their status as employees of the United States Government or as dependents of such employees.

1-202. The Commission shall submit a report to the President ninety days after the date of this Order. The report shall contain the Commission's recommendations as to whether legislation to deal with the foregoing compensation issue is appropriate and, if so, as to what such legislation should provide. The report shall specifically contain the Commission's recommendations concerning the compensation of United States nationals held hostage in Iran on and after November 4, 1979.

1-203. In analyzing the foregoing issues the Commission shall consider all factors which it may consider relevant, including the prior practice with respect to governmental compensation, both by the United States Government and by foreign governments, of persons held in captivity abroad.

1-204. In the performance of its functions the Commission shall specifically address the following issues:

(a) whether any legislation authorizing compensation should set forth specific legislative standards, or whether the standards by which to award compensation should be administratively developed;

(b) whether any standards developed either legislatively or administratively should be applied uniformly to civilian and military government employees, dependents of such employees, and private citizens, or whether separate criteria should be developed for these or other categories;

(c) whether an existing administrative body should determine amounts of compensation, or whether a new body should be established for this purpose; and

(d) whether compensation should be paid for injuries suffered by members of families of persons who have been held in captivity.

1-3. *Administrative Provisions.*

1-301. In performing its functions the Commission shall conduct such studies, reviews, and inquiries as may be necessary. In addition to conducting open meetings in accordance with the Federal Advisory Committee Act, the Commission shall conduct public hearings to identify critical issues and possible solutions related to compensation.

1-302. The Commission is authorized to request from any Executive agency such information that may be deemed necessary to carry out its functions under this Order. Each Executive agency shall, to the extent permitted by law, furnish such information to the Commission in the performance of its functions under this Order.

1-303. Each member of the Commission who is not otherwise employed in the Federal Government may receive, to the extent permitted by law, compensation for each day he or she is engaged in the work of the Commission at a rate not to exceed the maximum daily rate now or hereafter prescribed by law for GS-18 of the General Schedule, and may also receive transportation and travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703).

1-304. All necessary administrative staff services, support, facilities, and expenses of the Commission shall, to the extent permitted by law, be furnished by the Department of State.

1-4. *General Provisions.*

1-401. Notwithstanding the provisions of any other Executive Order, the functions of the President under the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), except that of reporting annually to the Congress, which are applicable to the Commission, shall be performed by the Secretary of

State in accordance with guidelines and procedures established by the Administrator of General Services.

1-402. The Commission shall terminate thirty days after submitting its report.

JIMMY CARTER

MESSAGE TO THE CONGRESS, JAN. 19, 1981[3]

Pursuant to Section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703, I hereby report to the Congress that I have today exercised the authority granted by this Act to take certain measures with respect to property of the Government of Iran and its controlled entities and instrumentalities.

1. On November 14, 1979, I took the step of blocking certain property and interests in property of the Government of Iran and its controlled entities and instrumentalities. This action was taken in response to a series of aggressive actions by Iran, including the attack on the United States Embassy in Tehran, the holding of U.S. citizens and diplomats as hostages, and threats to withdraw assets from United States banks, and otherwise seek to harm the economic and political interests of the United States. Subsequently, on April 7, 1980, and April 17, 1980, I took further action restricting various kinds of transactions with Iran by persons subject to the jurisdiction of the United States.

2. Agreement has now been reached with Iran concerning the release of the hostages and the settlement of claims of U.S. nationals against Iran. Among other things this agreement involves the payment by Iran of approximately $3.67 billion to pay off principal and interest outstanding on syndicated loan agreements in which a U.S. bank is a party. This includes making all necessary payments to the foreign members of these syndicates. An additional $1.418 billion shall remain available to pay all other loans as soon as any disputes as to the amounts involved are settled and to pay additional interest to banks upon agreement or arbitration with Iran. In addition, there will be established an international tribunal to adjudicate various disputed claims by U.S. nationals against Iran; and the deposit of $1 billion by Iran from previously blocked assets as released, which will be available for payments of awards against Iran. Iran has committed itself to replenish this fund as necessary. This tribunal, among other things, will also hear certain disputes between Iranian nationals and the United States Government and contractual disputes between Iran and the United States.

In connection with this agreement, and to begin the process of normalization of relations between the two countries, I have issued and will issue, a series of Orders.

3. First, I have signed an Executive Order authorizing the Secretary of the Treasury to enter into or to direct the Federal Reserve Bank of New York to enter into escrow and depositary agreements with the Bank of England.

Under these agreements, assets in the escrow account will be returned to the control of Iran upon the safe departure of the United States hostages from Iran. I have also by this Order instructed the Federal Reserve Bank of New York, as fiscal agent of the United States, to receive other blocked Iranian assets, and, as further directed by the Secretary of the Treasury, to transfer these assets to the escrow account.

4. Second, I have signed an Executive Order directing the Federal Reserve Bank of New York to transfer to its account at the Bank of England and then to the escrow account referred to in the preceding paragraph, the assets of the Government of Iran, both transfers to take place as and when directed by the Secretary of the Treasury.

In order to assure that this transaction can be executed, and having considered the claims settlement agreement described above, I have exercised my authority to nullify, and barred the exercise of, all rights, powers or privileges acquired by anyone; I have revoked all licenses and authorizations for acquiring any rights, powers, or privileges; and I have prohibited anyone from acquiring or exercising any right, power, or privileges, all with respect to these properties of Iran. These prohibitions and nullifications apply to rights, powers, or privileges whether acquired by court order, attachment, or otherwise. I have also prohibited any attachment or other like proceeding or process affecting these properties.

5. Third, I have signed an Executive Order which directs branches and offices of United States banks located outside the United States to transfer all Iranian government funds, deposits and securities held by them on their books on or after November 14, 1979 at 8:10 a.m. EST to the account of the Federal Reserve Bank of New York at the Bank of England in London. These assets will be transferred to the account of the Central Bank of Algeria, as escrow agent. The transfer is to include interest from the date of the blocking order at commercially reasonable rates. In addition, any banking institution that has executed a set-off subsequent to the date of the blocking order against Iranian deposits covered by this order is directed to cancel the set-off and to transfer the funds that had been subject to the set-off in the same manner as the other overseas deposits.

This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

6. Fourth, I will have signed an Executive Order directing American banks located within the United States which hold Iranian deposits to transfer those deposits, including interest from the date of entry of the blocking order at commercially reasonable rates, to the Federal Reserve Bank of New York, to be held or transferred as directed by the Secretary of the Treasury. Half of these funds will be transferred to Iran and the other half (up to a maximum of $1 billion) will be placed in a security account as provided in the Declaration and the Claims Settlement Agreement that are part of the agreement we have reached with Iran. This fund will be maintained at a $500 million level until the claims program is concluded. While these transfers should take place as soon as possible, I have been advised that court actions may delay it. This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

7. Fifth, I have signed an Executive Order directing the transfer to the Federal Reserve Bank of New York by non-banking institutions of funds and securities held by them for the Government of Iran, to be held or transferred as directed by the Secretary of the Treasury. This transfer will be accomplished at approximately the same time as that described in paragraph 6.

This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

8. Sixth, I will sign, upon release of the hostages, an Executive Order directing any person subject to the jurisdiction of the United States who is in possession or control of properties owned by Iran, not including funds and securities, to transfer the property as directed by the Government of Iran acting through its authorized agent. The Order recites that it does not relieve persons subject to it from existing legal requirements other than those based on the International Emergency Economic Powers Act. This Order does not apply to contingent liabilities. This Order also provides for the revocation of licenses and the nullifications and bars described in paragraph 4 of this report.

9. Seventh, I will sign, upon release of the hostages, an Executive Order revoking prohibitions previously imposed against transactions involving Iran. The Executive Order revokes prohibitions contained in Executive Order No. 12205 of April 7, 1980; and Executive Order No. 12211 of April 17, 1980; and the amendments contained in Proclamation No. 4702 of November 12, 1979. The two Executive Orders limited trade and financial transactions involving Iran and travel to Iran. The proclamation restricted oil imports. In revoking these sanctions I have no intention of superseding other existing controls relating to exports including the Arms Export Control Act and the Export Administration Act.

10. Eighth, I will sign, upon release of the hostages, an Executive Order providing for the waiver of certain claims against Iran. The Order directs that the Secretary of the Treasury shall promulgate regulations: (a) prohibiting any person subject to U.S. jurisdiction from prosecuting in any court within the United States or elsewhere any claim against the Government of Iran arising out of events occurring before the date of this Order arising out: (1) the seizure of the hostages on November 4, 1979; (2) their subsequent detention; (3) injury to the United States property or property of United States nationals within the United States Embassy

President Carter's Farewell Address to the Nation

President Carter's farewell address was broadcast live on January 14, 1981.[1]

In a few days I will lay down my official responsibilities in this office to take up once more the only title in our democracy superior to that of President—the title of citizen. Of Vice President Mondale, my Cabinet, and the hundreds of others who have served with me during the last 4 years, I wish to say now publicly what I have said in private: I thank them for the dedication and competence they have brought to the service of our country.

But I owe my deepest thanks to you—to the American people—because you gave me this extraordinary opportunity to serve. We've faced great challenges together, and we know that future problems will also be difficult, but I am now more convinced than ever that the United States, better than any other country, can meet successfully whatever the future might bring. These last 4 years have made me more certain than ever of the inner strength of our country, the unchanging value of our principles and ideals, the stability of our political system, the ingenuity and the decency of our people.

Tonight I would like first to say a few words about this most special office—the Presidency of the United States. This is at once the most powerful office in the world and among the most severely constrained by law and custom. The President is given a broad responsibility to lead but cannot do so without the support and consent of the people, expressed formally through the Congress and informally in many ways through a whole range of public and private institutions. This is as it should be.

Within our system of government every American has a right and a duty to help shape the future course of the United States. Thoughtful criticism and close scrutiny of all government officials by the press and the public are an important part of our democratic society. Now, as in the past, only the understanding and involvement of the people through full and open debate can help to avoid serious mistakes and assure the continued dignity and safety of the nation.

Today we are asking our political system to do things of which the Founding Fathers never dreamed. The government they designed for a few hundred thousand people now serves a nation of almost 230 million people. Their small coastal republic now spans beyond a continent, and we also now have the responsibility to help lead much of the world through difficult times to a secure and prosperous future.

Today, as people have become ever more doubtful of the ability of the government to deal with our problems, we are increasingly drawn to single-issue groups and special interest organizations to insure that whatever else happens, our own personal views and our own private interests are protected. This is a disturbing factor in American political life. It tends to distort our purposes, because the national interest is not always the sum of all our single or special interests. We are all Americans together, and we must not forget that the common good is our common interest and our individual responsibility.

Because of the fragmented pressures of these special interests, it's very important that the office of the President be a strong one and that its constitutional authority be preserved. The President is the only elected official charged with the primary responsibility of representing all the people. In the moments of decision, after the different and conflicting views have all been aired, it's the President who then must speak to the nation and for the nation.

I understand after 4 years in this office, as few others can, how formidable is the task the new President-elect is about to undertake, and to the very limits of conscience and conviction, I pledge to support him in that task. I wish him success and Godspeed. I know from experience that Presidents have to face major issues that are controversial, broad in scope, and which do not arouse the natural support of a political majority.

For a few minutes now, I want to lay aside my role as leader of one nation, and speak to you as a fellow citizen of the world about three issues—three difficult issues—the threat of nuclear destruction, our stewardship of the physical resources of our planet, and the preeminence of the basic rights of human beings.

Threat of Nuclear Destruction

It's now been 35 years since the first atomic bomb fell on Hiroshima. The great majority of the world's people cannot remember a time when the nuclear shadow did not hang over the Earth. Our minds have adjusted to it, as after a time our eyes adjust to the dark.

Yet the risk of a nuclear conflagration has not lessened. It has not happened yet, thank God, but that can give us little comfort for it only has to happen once.

The danger is becoming greater. As the arsenals of the superpowers grow in size and sophistication and as other governments—perhaps even in the future dozens of governments—acquire these weapons, it may only be a matter of time before madness, desperation, greed, or miscalculation let loose this terrible force.

In an all-out nuclear war, more destructive power than in all of World War II would be unleashed every second during the long afternoon it would take for all the bombs and missiles to fall. A World War II every second—more people killed in the first few hours than in all the wars of history together. The survivors, if any, would live in despair amid the poisoned ruins of a civilization that had committed suicide.

National weakness, real or perceived, can tempt aggression and thus cause war. That's why the United States can never neglect its military strength. We must and we will remain strong. But with equal determination, the United States and all countries must find ways to control and to reduce the horrifying danger that is posed by the enormous world stockpiles of nuclear arms.

This has been a concern of every American president since the moment we first saw what these weapons could do. Our leaders will require our understanding and our support as they grapple with this difficult but crucial challenge. There is no disagreement on the goals or the basic approach to controlling this enormous force. The answer lies not just in the attitudes or the actions of world leaders but in the concern and the demands of all of us as we continue our struggle to preserve the peace.

Nuclear weapons are an expression of one side of our human character. But there is another side. The same rocket technology that delivers nuclear warheads has also taken us peacefully into space. From that perspective, we see our Earth as it really is—a small, fragile, and beautiful blue globe, the only home we have. We see no barriers of race or religion or country. We see the essential unity of our species and our planet. And with faith and common sense, that bright vision will ultimately prevail.

Protecting the Earth's Resources

Another major challenge, therefore, is to protect the quality of this world within which we live. The shadows that fall across the future are cast not only by the kinds of weapons we have built but by the kind of world we will either nourish or neglect. There are real and growing dangers to our simple and most precious possessions—the air we breathe, the water we drink, and the land which sustains us. The rapid depletion of irreplaceable minerals, the erosion of topsoil, the destruction of beauty, the blight of pollution, the demands of increasing billions of people, all combine to create problems which are easy to observe and predict but difficult to resolve. If we do not act, the world of the year 2000 will be much less able to sustain life than it is now.

But there is no reason for despair. Acknowledging the physical realities of our planet does not mean a dismal future of endless sacrifice. In fact, acknowledging these realities is the first step in dealing with them. We can meet the resource problems of the world—water, food, minerals, farmlands, forests, overpopulation, pollution—if we tackle them with courage and foresight.

Protecting Basic Human Rights

I've just been talking about forces of potential destruction that mankind has developed and how we might control them. It's equally important that we remember the beneficial forces that we have evolved over the ages and how to hold fast to them. One of those constructive forces is the enhancement of individual human freedoms through the strengthening of democracy and the fight against deprivation, torture, terrorism, and the persecution of people throughout the world. The struggle for human rights overrides all differences of color or nation or language. Those who hunger for freedom, who thirst for human dignity, and who suffer for the sake of justice, they are the patriots of this cause.

I believe with all my heart that America must always stand for these basic human rights at home and abroad. That is both our history and our destiny.

America did not invent human rights. In a very real sense, it's the other way around. Human rights invented America. Ours was the first nation in the history of the world to be founded explicitly on such an idea. Our social and political progress has been based on one fundamental principle—the value and importance of the individual. The fundamental force that unites us is not kinship or place of origin or religious preference. The love of liberty is the common blood that flows in our American veins.

The battle for human rights, at home and abroad, is far from over. We should never be surprised nor discouraged because the impact of our efforts has had and will always have varied results. Rather we should take pride that the ideals which gave birth to our nation still inspire the hopes of oppressed people around the world. We have no cause for self-righteousness or complacency, but we have every reason to persevere, both within our own country and beyond our borders.

If we are to serve as a beacon for human rights, we must continue to perfect here at home the rights and the values which we espouse around the world—a decent education for our children, adequate medical care for all Americans, an end to discrimination against minorities and women, a job for all those able to work, and freedom from injustice and religious intolerance.

We live in a time of transition, an uneasy era which is likely to endure for the rest of this century. It will be a period of tensions, both within nations and between nations; of competition for scarce resources; of social, political, and economic stresses and strains. During this period we may be tempted to abandon some of the time-honored principles and commitments which have been proven during the difficult times of past generations. We must never yield to this temptation. Our American values are not luxuries but necessities—not the salt in our bread but the bread itself. Our common vision of a free and just society is our greatest source of cohesion at home and strength abroad—greater even than the bounty of our material blessings.

Remember these words: "We hold these truths to be self-evident; that all men are created equal; that they are endowed by their creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. . . ."

This vision still grips the imagination of the world. But we know that democracy is always an unfinished creation. Each generation must renew its foundations. Each generation must rediscover the meaning of this hallowed vision in the light of its own modern challenges. For this generation—ours—life is nuclear survival; liberty is human rights; the pursuit of happiness is a planet whose resources are devoted to the physical and spiritual nourishment of its inhabitants.

During the next few days I will work hard to make sure that the transition from myself to the next President is a good one, that the American people are served well. And I will continue as I have the last 14 months to work hard and to pray for the lives and the well-being of the American hostages held in Iran. I can't predict yet what will happen, but I hope you will join me in my constant prayer for their freedom.

As I return home to the South where I was born and raised, I look forward to the opportunity to reflect and further to assess, I hope with accuracy, the circumstances of our times. I intend to give our new President my support, and I intend to work as a citizen, as I have worked here in this office as President, for the values this nation was founded to secure. Again, from the bottom of my heart, I want to express to you the gratitude I feel. Thank you, fellow citizens, and farewell.

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[1] Text from White House press release. ■

President Carter submitted his last State of the Union message to the Congress on January 16, 1981, the text of which is printed in the Weekly Compilation of Presidential Documents of January 20, 1981.

middle, whether they're Americans or anyone else, treading on dangerous ground.

Q. Finally, to your favorite subject, Zbigniew Brzezinski. As you know, in the past week both U.N. Ambassador Donald McHenry and former State Department spokesman Hodding Carter have gone after him. McHenry said, for instance, that Brzezinski spoke out publicly when he shouldn't have and has been sending mixed signals around the world on U.S. foreign policy. Is that true?

A. Let me put it this way. This subject has been discussed now in just about every—well, I won't say every but many interview programs which I've been on.

Q. We're looking for something fresh. [Laughter]

A. I have nothing fresh to say. I've tackled the subject from the institutional point of view—the respective role of the National Security Council and the State Department—and I've made those views known and clear. I don't think it's useful, nor am I inclined, to get involved in a personality contest with Zbig. Zbig and I are good friends, we get along fine, I find him congenial, and I see no reason at this point to comment.

Q. But McHenry wasn't a personality thing. McHenry was talking about—he's the U.N. Ambassador of the United States—sending mixed signals on foreign policy. He didn't attack him personally. Hodding Carter's statement is a little different.

A. Let me put it in institutional terms. What Don McHenry had to say could have been said when Henry Kissinger was National Security Adviser; it could have been said in previous Administrations when the National Security Adviser was given a public voice. That's a problem. It's the President's choice as to whether or not that's what he wants.

Q. And President Carter clearly made that choice.

A. He clearly did, and he saw advantages in it for him. Zbig says that an activist President—that is, a foreign policy activist President—will give his National Security Adviser automatically more visibility, which is a legitimate point of view.

Q. David Broder, in a column in *The Washington Post* recently said that you offered your successor-designate, Alexander Haig, four rules.

A. Don't call them rules; I don't.

Q. No press secretary for the Security Adviser; no press briefings or TV appearances; no contacts with foreign governments; and for him to do his job and not the State Department's. Is that an accurate reflection of what you think the rules ought to be?

A. That wasn't put in the diplomatic way that I've learned to say things, or tried to, in the last 6 months.

Q. But structurally you think that would help.

A. I think that those four points highlight the point that I made a moment ago. The President, under the Constitution, makes foreign policy; he's got greater powers there than he does in domestic policy.

Secondly, he ought to have a Secretary of State in whom he has confidence as his delegated voice.

That's the arrangement, and that should be the arrangement. To the extent that someone else—whether it's the National Security Adviser or the Secretary of Defense—articulates foreign policy, then to that extent you send mixed signals, or at least risk it.

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[1]Press release 2 of Jan. 7, 1981. ■

U.S.-Canada Technical Meeting on Dioxin

JOINT STATEMENT
DEC. 19, 1980[1]

At the invitation of the Department of State, U.S. and Canadian officials and health and environmental scientists met in Washington December 19, 1980, to discuss recent findings regarding 2,3,7,8-TCDD (dioxin) in the Great Lakes and to develop an effective response to the problem. The Canadian delegation was led by the Department of External Affairs and included experts from the Ministries of Health and Welfare, Environment Canada, Fisheries and Oceans, and the Province of Ontario. The U.S. delegation, led by the Department of State, included experts from the Environmental Protection Agency, the Departments of Health and Human Services, Interior, and the Veterans Administration. Government specialists from the States of New York and Michigan also took part.

Canadian scientists presented the results of a recent Environment Canada study which revealed the presence of 2,3,7,8-TCDD in Great Lakes herring gull eggs. The discovery of 2,3,7,8-TCDD in the Great Lakes Basin, through recent advances in analytical technology, shows that the compound has been present in declining quantities in the eggs over the past decade. Other scientific findings from both governments on 2,3,7,8-TCDD and concerns related to health and environment were compared and discussed.

As a result, Canada and the United States will be exchanging information and cooperating in an effort to:

- Identify sources of 2,3,7,8-TCDD in the Great Lakes, with particular attention being paid to sources related to 2,4,5-trichlorophenol production; it was reported that this material is no longer being produced in the Great Lakes Basin;
- Review the presence of 2,3,7,8-TCDD in fish, with emphasis on analytical methodology, human exposure, and evaluation of potential health hazards, and establish mechanisms to deal with these issues;
- Investigate the way that 2,3,7,8-TCDD is transported through and affects the environment; and

- Formulate plans for coordinated action.

In addition to these immediate actions, the governments also plan to present to an international conference on dioxins, tentatively scheduled in Washington in October 1981, the results of the work accomplished.

Agencies of the governments will continue to forward information on 2,3,7,8-TCDD to the International Joint Commission which, through its Great Lakes Water Quality Board and Science Advisory Board, is already considering this issue.

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[1] Press release 351 of Dec. 19, 1980. ■

Air Pollution Legislation

U.S. Federal agencies are examining the terms of recent Canadian legislation dealing with air pollution which may affect the United States. By unanimous action on December 16 the Canadian House of Commons adopted a measure which would enable the Canadian Federal Government to take action in instances where there is reason to believe that Canadian emission sources contribute to air pollution in another country. The Canadian law is similar in purpose to Section 115 of the U.S. Clean Air Act. That section provides for action by the U.S. Federal Government to initiate revision of State implementation plans on air quality in those cases where there is reason to believe that pollution from U.S. sources endangers public health or welfare in a foreign country, so long as that country provides "essentially the same rights" to the United States.

In the coming period the U.S. Government will consider whether the Canadian legislation provides the reciprocity required under Section 115. Canada's action, taken in the context of the Memorandum of Intent on transboundary air pollution signed by Secretary Muskie and the Canadian Environment Minister on August 5, 1980, is a positive step toward closer cooperation in dealing with transboundary air pollution issues.

Press release 355 of Dec. 4, 1980. ■

Two Years of U.S.-China Relations

The United States and the People's Republic of China established diplomatic relations on January 1, 1979. Since then, the U.S. and Chinese Governments have cooperated in the rapid reconstruction of normal relations in virtually every field. The Office of Chinese Affairs in the Bureau of East Asian and Pacific Affairs has compiled the following chronology for the benefit of students, scholars, and the interested public.

1979

January 1
On the basis of the joint communique and separate statements issued on December 15, 1978, the U.S. and the People's Republic of China (P.R.C.) extend mutual recognition and establish diplomatic relations. U.S. simultaneously withdraws recognition and breaks diplomatic relations with Taipei. U.S. gives notice to the Taiwan authorities that it is exercising its right under Article X of the March 3, 1955, "Mutual Defense Treaty between the United States of America and the Republic of China" to terminate that treaty effective January 1, 1980. While the treaty remains in force, the U.S. will impose a 1-year moratorium on new commitments for U.S. arms sales to Taiwan, although previous commitments for arms deliveries will be honored.

Chinese officials attending the third session of the fifth National People's Congress (NPC) declare that China will respect the "status quo on Taiwan . . . in settling the question of reunification"; that "all military confrontation should be ended" between the government of China and the Taiwan authorities; that both sides should reestablish postal and transportation links and develop bilateral trade.

January 2
Vice Premier Deng Xiaoping tells U.S. congressional group, led by Representative Thomas L. Ashley (Ohio), that reunification of Taiwan with the rest of China will be peaceful.

January 3–14
Senator Sam Nunn (Georgia) leads a delegation of the Pacific Study Group of the Senate Armed Services Committee to China.

January 9
In conversation with Senator Nunn and Senate group, Vice Premier Deng tells delegation that Taiwan need not disarm after reunification; calls for bigger U.S. naval presence in Pacific and greater Southeast Asian defense cooperation.

January 11
Chinese Government drops tariffs on imports from Taiwan.

January 16
American Institute in Taiwan (AIT) is registered as a private, nonprofit corporation in the District of Columbia.

January 22–26
Deputy Assistant Secretary of State for International Trade Affairs William Barraclough, chief U.S. textile negotiator Michael Smith, and chief of China Textiles Import-Export Corporation Han Fangyu lead preliminary consultations on textile trade in Washington.

January 26
President Carter formally transmits to Congress a draft bill to implement the U.S.-China joint communique and to empower the AIT to manage unofficial relations with the people on Taiwan.

**January 28–
February 5**
Vice Premier Deng, Vice Premier Fang Yi, and Foreign Minister Huang Hua visit the U.S. In Washington they meet for talks with President Carter, Secretary of State Cyrus R. Vance, and leading members of the Senate and House of Representatives. Vice Premier Deng and entourage then visit Atlanta, where they tour Ford Motor Company; Houston, where they visit NASA facilities and Hughes Tool Company; and Seattle, where they tour Boeing's 747 plant.

January 31
Vice Premier Deng reiterates, in a U.S. television interview, that China will make all attempts to bring about reunification with Taiwan by peaceful means.

President Carter and Vice Premier Deng preside at a ceremony at which a series of agreements are signed. These agreements commit both sides to facilitate the reunification of families and establish

92	8/25	Muskie: statement at 11th special session.
*93	9/8	McCall: statement at the Crossroads Symposium, Honolulu.
94	9/9	McHenry: Namibia, U.S. House Foreign Affairs Committee, Subcommittee on Africa.
*95	9/12	McHenry: statement issued following assassination of a member of the Cuban mission to the U.N.
*96	9/15	McHenry: statement at the commemoration ceremony for the Ralph Bunche memorial.
*97	9/15	McHenry: statement at the close of the 11th special session.
*98	9/16	McHenry: St. Vincent and the Grenadines membership, General Assembly.
*99	9/17	Petree: decolonization resolution, General Committee.
100	9/22	Muskie: statement to the 35th UNGA.
101	9/28	McHenry: Iran-Iraq conflict, Security Council.
*102	10/3	McCall: foreign economic interests, Committee IV.
*103	10/3	Newsom: foreign economic interests, Committee IV.
*104	10/8	Palmieri: refugees, UNHCR, Geneva.
*105	10/10	Atkins: apartheid, Committee III.
*106	10/10	McHenry: apartheid. ■

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Switzerland	Pub. 8132	8pp.
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U.S. Arms Control and Disarmament Agency—Arms Control 1979. The 19th annual report of the U.S. Arms Control and Disarmament Agency includes transmittal letter from the President to the Congress; tables, charts, and figures; discussion of programs and progress in Arms Control Issues during 1979; and a list of ACDA officials, Agency expenditures, and descriptions of various Bureaus in the Agency. ACDA Pub. 104. 96pp. (Stock No. 002-000-00077-6.)

The World's Tropical Forests—A Policy, Strategy, and Program for the United States. A report to the President by a U.S. Interagency Task Force on Tropical Forests. The publication includes references, cites the reasons for concern about forest loss, mechanisms for action, and U.S. recommendations and goals. Tables, charts, and figures included. Pub. 9117, International Organization and Conference Series 145. 55pp. $3.50. (Stock No. 044-000-01769-5.)

Scientific Research and Technical Development. Agreement with Indonesia. TIAS 9609. 16pp. $1.50. (Cat. No. S9.10:9609.)

Education—Financing of Exchange Programs. Agreement with Japan. TIAS 9615. 24pp. $1.75. (Cat. No. S9.10:9615.) ■

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ARTICLE III

1. The Tribunal shall consist of nine members or such larger multiple of three as Iran and the United States may agree are necessary to conduct its business expeditiously. Within ninety days after the entry into force of this agreement, each government shall appoint one-third of the members. Within thirty days after their appointment, the members so appointed shall by mutual agreement select the remaining third of the members and appoint one of the remaining third President of the Tribunal. Claims may be decided by the full Tribunal or by a panel of three members of the Tribunal as the President shall determine. Each such panel shall be composed by the President and shall consist of one member appointed by each of the three methods set forth above.

2. Members of the Tribunal shall be appointed and the Tribunal shall conduct its business in accordance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) except to the extent modified by the parties or by the Tribunal to ensure that this agreement can be carried out. The UNCITRAL rules for appointing members of three-member Tribunals shall apply *mutatis mutandis* to the appointment of the Tribunal.

3. Claims of nationals of the United States and Iran that are within the scope of this agreement shall be presented to the Tribunal either by claimants themselves, or, in the case of claims of less than $250,000, by the Government of such national.

4. No claim may be filed with the Tribunal more than one year after the entry into force of this agreement or six months after the date the President is appointed, whichever is later. These deadlines do not apply to the procedures contemplated by Paragraphs 16 and 17 of the Declaration of the Government of Algeria of January 19, 1981.

ARTICLE IV

1. All decisions and awards of the Tribunal shall be final and binding.

2. The President of the Tribunal shall certify, as prescribed in Paragraph 7 of the Declaration of the Government of Algeria of January 19, 1981, when all arbitral awards under this agreement have been satisfied.

3. Any award which the Tribunal may render against either government shall be enforceable against such government in the courts of any nation in accordance with its laws.

ARTICLE V

The Tribunal shall decide all cases on the basis of respect for law, applying such choice of law rules and principles of commercial and international law as the Tribunal determines to be applicable, taking into account relevant usages of the trade, contract provisions and changed circumstances.

ARTICLE VI

1. The seat of the Tribunal shall be The Hague, The Netherlands, or any other place agreed by Iran and the United States.

2. Each government shall designate an agent at the seat of the Tribunal to represent it to the Tribunal and to receive notices or other communications directed to it or to its nationals, agencies, instrumentalities, or entities in connection with proceedings before the Tribunal.

3. The expenses of the Tribunal shall be borne equally by the two governments.

4. Any question concerning the interpretation or application of this agreement shall be decided by the Tribunal upon the request of either Iran or the United States.

ARTICLE VII

For the purposes of this agreement:

1. A "national" of Iran or of the United States, as the case may be, means (a) a natural person who is a citizen of Iran or the United States; and (b) a corporation or other legal entity which is organized under the laws of Iran or the United States or any of its states or territories, the District of Columbia or the Commonwealth of Puerto Rico, if, collectively, natural persons who are citizens of such country hold, directly or indirectly, an interest in such corporation or entity equivalent to fifty per cent or more of its capital stock.

2. "Claims of nationals" of Iran or the United States, as the case may be, means claims owned continuously, from the date on which the claim arose to the date on which this agreement enters into force, by nationals of that state, including claims that are owned indirectly by such nationals through ownership of capital stock or other proprietary interests in juridical persons, provided that the ownership interests of such nationals, collectively, were sufficient at the time the claim arose to control the corporation or other entity, and provided, further, that the corporation or other entity is not itself entitled to bring a claim under the terms of this agreement. Claims referred to the Arbitral Tribunal shall, as of the date of filing of such claims with the Tribunal, be considered excluded from the jurisdiction of the courts of Iran, or of the United States, or of any other court.

3. "Iran" means the Government of Iran, any political subdivision of Iran, and any agency, instrumentality, or entity controlled by the Government of Iran or any political subdivision thereof.

4. The "United States" means the Government of the United States, any political subdivision of the United States, any agency, instrumentality or entity controlled by the Government of the United States or any political subdivision thereof.

ARTICLE VIII

This agreement shall enter into force when the Government of Algeria has received from both Iran and the United States a notification of adherence to the agreement.

Initialed on January 19, 1981

by Warren M. Christopher
Deputy Secretary of State
of the Government of the United States
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria

UNDERTAKINGS
JAN. 19, 1981[3]

UNDERTAKINGS OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN WITH RESPECT TO THE DECLARATION OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

1. At such time as the Algerian Central Bank notifies the Governments of Algeria, Iran, and the United States that it has been notified by the Central Bank that the Central Bank has received for deposit in dollar, gold bullion, and securities accounts in the name of the Algerian Central Bank, as escrow agent, cash and other funds, 1,632,917.779 ounces of gold (valued by the parties for this purpose at $0.9397 billion), and securities (at face value) in the aggregate amount of $7.955 billion, Iran shall immediately bring about the safe departure of the 52 U.S. nationals detained in Iran. Upon the making by the Government of Algeria of the certification described in Paragraph 3 of the Declaration, the Algerian Central Bank will issue the instructions required by the following paragraph.

2. Iran having affirmed its intention to pay all its debts and those of its controlled institutions, the Algerian Central Bank acting pursuant to Paragraph 1 above will issue the following instructions to the Central Bank:

(A) To transfer $3.667 billion to the Federal Reserve Bank of New York to pay the unpaid principal of and interest through December 31, 1980 on (1) all loans and credits made by a syndicate of banking institutions, of which a U.S. banking institution is a member, to the Government of Iran, its agencies, instrumentalities or controlled entities, and (2) all loans and credits made by such a syndicate which are guaranteed by the Government of Iran or any of its agencies, instrumentalities or controlled entities.

(B) To retain $1.418 billion in the escrow account for the purpose of paying the unpaid principal of the interest owing, if any, on the loans and credits referred to in Paragraph (A) after application of the $3.667 billion and on all other indebtedness held by United States banking institutions of, or guaranteed by, the Government of Iran, its agencies, instrumentalities or controlled entities not previously paid and for the purpose of paying disputed amounts of deposits, assets, and interests, if any, owing on Iranian deposits in U.S. banking institutions. Bank Markazi and the appropriate United States banking institutions shall promptly meet in an effort to agree upon the amounts owing.

In the event of such agreement, the Bank Markazi and the appropriate banking institution shall certify the amount owing to the Central Bank of Algeria which shall instruct the Bank of England to credit such amount to the account, as appropriate, of the Bank Markazi or of the Federal Reserve Bank of New York in order to permit payment to the appropriate banking institution. In the event that within 30 days any U.S. banking institution and the Bank Markazi are unable to agree upon the amounts owed, either party may refer such dispute to binding arbitration by such international arbitration panel as the parties may agree, or failing such agreement within 30 additional days after such reference, by the Iran-United States Claims Tribunal. The presiding officer of such panel or tribunal shall certify to the Central Bank of Algeria the amount, if any, determined by it to be owed, whereupon the Central Bank of Algeria shall instruct the Bank of England to credit such amount to the account of the Bank Markazi or of the Federal Reserve Bank of New York in order to permit payment to the appropriate banking institution. After all disputes are resolved either by agreement or by arbitration award and appropriate payment has been made, the balance of the funds referred to in this Paragraph (B) shall be paid to Bank Markazi.

(C) To transfer immediately to, or upon the order of, the Bank Markazi all assets in the escrow account in excess of the amounts referred to in Paragraphs (A) and (B).

Initialed on January 19, 1981

by Warren M. Christopher
Deputy Secretary of State
of the Government of the United States
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria

Iran Chronology, December 1980

December 1

Deputy Secretary Christopher, accompanied by the same delegation that went to Algiers with him on Nov. 10-11, departs for Algiers to meet with Foreign Minister Mohammed Benyahia and to brief Algerian intermediaries thoroughly on the "clarifications" that Iran requested on the original U.S. response to its conditions for release of hostages.

December 2

U.S. reply to Iran clarifying U.S. position on release of the hostages is delivered to Algerian intermediaries.

December 4

Through Algerian intermediaries, U.S. asks Iran to speed up discussions on releasing hostages to avoid delays if the crisis is not resolved before the inauguration. The U.S. also emphasizes to Iranian officials that President-elect Reagan supports the U.S. position, and the Iranians must understand that if the issue is not settled by January 20, more time will be needed to resolve the crisis because the new Administration will have to select new negotiators and review current policy.

December 11

In Beirut, a leftist newspaper, *As Safir*, reports that the hostages would be released on Christmas day; however, the head of the Iranian hostage commission denies the report.

December 13

In Alexandria, Virginia, State Department officials brief hostages' families on negotiations with Iran. Deputy Secretary Christopher informs them that negotiations, through the intermediaries, are hampered by language problems.

December 15

Bani-Sadr emphasizes that the fate of the hostages rests on the U.S. unfreezing Iranian assets held in U.S. banks.

December 16

Khomeini approves Iran's "final answer" on conditions for releasing hostages. In Washington, U.S. officials caution against expecting any quick solution to the problem.

December 18

Iran's new terms for release of hostages are delivered to Algerian intermediaries.

December 19

In exchange for freeing the hostages Iran's new terms demand that the U.S.:

- Deposit Iranian funds frozen by President Carter in the Algerian Central Bank; and
- Return property owned by the late Shah and his family.

December 20

U.S. views Iran's conditions as unacceptable.

December 21

Iran demands $24 billion in "guarantees" from the U.S. for recovery of its frozen assets and the late Shah's wealth.

December 22

Speaker of Iran's Parliament states hostages will be put on trial if the $24 billion demand is not met.

December 25

For the second year, the hostages attend makeshift Christmas services. Monsignor Annibale Bungnini, the Papal Nuncio in Iran, helps officiate at the services.

Iranian TV broadcasts a brief film of the services but plans to release a longer film to distribute by satellite to American TV networks on which hostages are said to send greetings to families and messages to U.S. Government.

December 26

Algerian Ambassador to Tehran, Abdelkarim Gheraieb, visits the 52 hostages and finds them "all in good health and the conditions of their present existence satisfactory."

CBS and Cable News Network televise remarks of 20 of the 52 hostages made on Christmas day in Iran.

Iranian authorities release film of 15 more hostages raising the number shown to 41. Iranian officials state that the remaining 11 not appearing chose not to do so.

Algerian delegation arrives in Washington.

Secretary Muskie meets with Algerian intermediaries to discuss keeping the indirect negotiations with Iran open. Intermediaries encourage Carter Administration to keep negotiations going.

December 28

After Iran publicizes portions of recent exchanges, the U.S. publicizes formal proposals sent to Iran over the last 2 months. Proposals and supporting material contained in three separate documents—one on November 11 and two on December 3—are issued.

December 29

U.S. releases response to Iranian Nov. 2 resolution.

U.S. tells Iran that its "basic position" will not change despite Iran's demand for financial guarantees in advance of freeing the hostages.

December 30

U.S. gives Algerians a "reformulation" of proposals giving Iran an opportunity to end the crisis during the Carter Administration.

December 31

Algerian intermediaries depart U.S. for Algiers. ■

compound in Tehran after November 1979; (4) or injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran; (b) prohibiting any person not a U.S. national from prosecuting any such claim in any court within the United States; (c) ordering the termination of any previously instituted judicial proceedings based upon such claims; and (d) prohibiting the enforcement of any judicial order issued in the course of such proceedings.

The Order also authorizes and directs the Attorney General of the United States immediately upon the issuance of such a Treasury regulation to notify all appropriate courts of the existence of the Executive Order and implementing regulations and the resulting termination of relevant litigation. At the same time, I will create a commission to make recommendations on the issue of compensation for those who have been held as hostages.

11. Finally, I will sign, upon release of the hostages, an Executive Order invoking the blocking powers of the International Emergency Economic Powers Act to prevent the transfer of property located in the United States and controlled by the estate of Mohammed Reza Pahlavi, the former Shah or Iran, or by any close relative of the former Shah served as a defendant in litigation in the United States courts brought by Iran seeking the return of property alleged to belong to Iran. This Order will remain effective as to each person until litigation concerning such person or estate is terminated. The Order also requires reports from private citizens and Federal agencies concerning this property so that information can be made available to the Government of Iran about this property.

The Order would further direct the Attorney General to assert in appropriate courts that claims of Iran for recovery of this property are not barred by principles of sovereign immunity or the act of state doctrine.

12. In addition to these actions taken pursuant to the International Economic Emergency Powers Act, other relevant statutes, and my powers under the Constitution, I will take the steps necessary to withdraw all claims now pending against Iran before the International Court of Justice. Copies of the Executive Orders are attached.

JIMMY CARTER

TECHNICAL ARRANGEMENT JAN. 20, 1981[3]

TECHNICAL ARRANGEMENT
BETWEEN
BANQUE CENTRALE D'ALGERIE
AS ESCROW AGENT
AND
THE GOVERNOR AND COMPANY
OF THE BANK OF ENGLAND
AND
THE FEDERAL RESERVE BANK
OF NEW YORK AS FISCAL
AGENT OF THE UNITED STATES

This Technical Arrangement is made between the Banque Centrale d'Algerie (hereinafter referred to as the "Escrow Agent") as Escrow Agent, the Governor and Company of the Bank of England (hereinafter referred to as the "Bank"), and the Federal Reserve Bank of New York as fiscal agent of the United States (hereinafter referred to as the"FED").

1. The Bank is hereby appointed to hold, invest and distribute, in accordance with the terms of this Technical Arrangement, such of the funds and other property (as identified by the FED on its sole responsibility at the time of transfer) as may be transferred to them by the FED and such other funds or property representing such funds and other property as may from time to time be held by the Bank on such accounts or invested by the Bank pursuant to paragraph 4 hereof (all of which funds and property are collectively referred to as the "Escrow Fund"). The Bank shall act as a depositary and shall hold and invest the Escrow Fund in accordance with the arrangements described herein until such time as the Escrow Fund shall have been distributed as provided in paragraph 7 below.

2. The Bank will open in the name of the Escrow Agent the following accounts:

(A) Two securities custody accounts, Securities Custody Account No. 1 and Securities Custody Account No. 2 (the "Securities Custody Accounts");

(B) Three accounts denominated in US dollars, "Dollar Account No. 1", "Dollar Account No. 2" and "Dollar Account No. 3" (the "Dollar Accounts");

(C) A gold bullion custody account (the "Bullion Account") and shall credit the securities to Securities Custody Account No. 1, the dollar deposits to Dollar Account No. 1 and the gold bullion to the Bullion Account when transferred to the Bank by the FED for deposit on such accounts, and shall provide the Escrow Agent with a general description of the funds and other property so transferred.

3. The Bank shall

(A) Hold the securities for the time being in the Securities Custody Accounts in accordance with the provisions of this Arrangement;

(B) Hold the gold bullion for the time being in the Bullion Account in accordance with the provisions of this Arrangement; and

(C) Hold the funds for the time being in the Dollar Accounts on a call basis, so as to ensure the liquidity of those funds, and in accordance with the provisions of this Arrangement.

4. (a) The Bank shall make a good faith effort under the circumstances to invest and reinvest outside the United States the funds on the Dollar Accounts at market rates with such banks and in such manner as the Bank may determine and will pay by way of interest on the funds on those Dollar Accounts sums equivalent to those received by them, subject nevertheless to the deduction from Dollar Account No. 2 of sums equivalent to the amounts of their reasonable costs, charges and expenses in respect to the maintenance and operation of Dollar Account No. 2.

(b) Any interest received on the securities in the Securities Custody Account No. 1 shall be credited to Dollar Account No. 1 and any interest received on the Securities Custody Account No. 2 shall be credited to Dollar Account No. 3.

5. The Bank shall invest all monies representing interest paid in respect of any part of the Escrow Fund in the same manner as any funds for the time being on deposit on the Dollar Accounts.

6. The Bank shall not have or incur any liability by reason of any diminution in value of the securiti[illegible] gold bullion for the time being held by the [illegible] name of the Escrow Agent on the Secu[illegible]ustody Accounts and the Bullion Accou[illegible] respectively.

Similarly, the Escrow Agent shall not have or incur any liability by reason of any diminution in value of the securities or gold bullion for the time being held in its name by the Bank on the Securities Custody Accounts and the Bullion Account respectively. Moreover, the Escrow Agent shall not have or incur any liability for any loss arising from investment of the funds held for the Escrow Agent on the Dollar Accounts.

In addition, the Escrow Agent shall not bear nor be liable for any expenses, charges, costs or fees of any kind incurred by the Bank or the FED in performance of their duties under this Arrangement.

7. In the performance of their duties under this Arrangement, the Bank shall not exercise any discretion designed to favour one of the parties to this Arrangement and shall act only on the instructions of the Escrow Agent.

(a) Provided that no previous instruction has been received under subparagraph (b) below, upon receipt of instructions from the Escrow Agent to do so, in the form provided in paragraph 8 below, the Bank shall immediately transfer the funds then held on Dollar Account No. 1 as follows:

(i) U.S. Dollars 3,667,000,000 to the FED, subject to the FED's sole direction;

(ii) U.S. Dollars 1,418,000,000 to Dollar Account No. 2; and

(iii) the balance to an account of Bank Markazi Iran opened at the Bank, subject to Bank Markazi Iran's sole direction and transfer the securities and bullion then held in the Securities Custody Account No. 1 and the Bullion Account respectively to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction.

(b) Provided that no previous instruction has been received under subparagraph (a) above, upon receipt of instructions from the Escrow Agent to do so, in the form provided in paragraph 8 below, the Bank shall immediately transfer the Escrow Fund to the account of the FED at the Bank, subject to the FED's sole direction, and close all the Accounts opened under paragraph 2 of this Arrangement.

(c) Any funds or securities received by the Bank from the FED for deposit on any of the accounts described in paragraph 2 of this Arrangement, other than Dollar Account No. 2, after receipt and execution by the Bank of the instructions referred to in subparagraph (a) above, shall be credited in accordance with the instructions of the Escrow Agent in the form provided in paragraph 8 below, to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction, and to Dollar Account No. 3 and Securities Custody Account No. 2 at the Bank in the name of the Escrow Agent.

Not later than 30 days after the date hereof the Escrow Agent shall instruct the Bank to transfer the funds and securities in these accounts to such bank as the Escrow Agent shall direct, for the account of the Banque Centrale d'Algérie.

(d) Upon receipt by the Bank of instructions from the Escrow Agent to do so in the form provided in paragraph 8 below, the Bank shall, as soon as practicable thereafter

(i) transfer such amount as may be specified in the instructions from Dollar Account No. 2 to the FED, subject to the FED's sole direction, if sufficient funds then remain on Dollar Account No. 2 to make such transfer; and/or

(ii) transfer the remaining funds on Dollar Account No. 2 to the account of Bank Markazi Iran at the Bank, subject to Bank Markazi Iran's sole direction, and close Dollar Account No. 2.

(e) The Escrow Agent shall not be entitled to give the Bank any instruction other than described in this paragraph 7, and the Bank shall be entitled and bound to rely on any instruction falling within this paragraph 7 without further inquiry, and any transfer by the Bank in accordance with any instructions given to them under this paragraph 7 shall constitute a good discharge to the Bank.

8. (a) The Bank and the Escrow Agent will exchange telegraphic keys which will permit the reciprocal validation of messages and payment and transfer orders; however, the instructions set forth in paragraphs 7(a) and 7(b) shall be in writing, shall be transmitted by hand either

(i) to the Bank or

(ii) to the Deputy Governor of the Bank for and on behalf of the Bank at the British Embassy at Algiers

and shall be authenticated as provided in subparagraph (b) below. In the event that a telegraphic test is challenged, the Bank and the Escrow Agent agree to contact each other by telex or other appropriate means as rapidly as possible, in order to obtain confirmation of the authenticity of the transmission.

(b) The Bank and the Escrow Agent shall provide each other with a list, which will be revised whenever necessary, of the names of the persons authorised to execute any written notice or instruction required or permitted under this Arrangement and identify the signatures of such designated persons; all such notices or instructions to the Bank shall be effective on receipt by the Bank; the Bank shall not be obliged to act on any such notice or instruction unless properly so authorised, authenticated and delivered in the manner required by this paragraph.

9. Except as provided in paragraph 8 (a) above, any advices, written notices, or instructions permitted or required by this Arrangement shall be given to the parties hereto at the respective addresses shown below:

(i) To the Bank at:

Threadneedle Street
London EC2R 8AH

ATTENTION: D.H.F. Somerset
J.G. Drake
W.B. Moule

(ii) To the FED at:

33 Liberty Street
New-York, New-York 10045

ATTENTION: H. David Willey
George Ryan

(iii) To the Escrow Agent at:

8 Boulevard Zirout Youcef
Algiers, Algeria

ATTENTION: Mr. Mohamed Bessekhouad
Mr. Bachir Saïl
Mr. Mohand Kirat
Mr. Lakhdar Benouataf

10. The FED shall indemnify and hold the Bank harmless against and shall reimburse the Bank for any loss or expense that they may incur by reason of their acts or omissions under or in connection with this Arrangement, except for

(A) Any loss or expense resulting from their own negligence or wilful misconduct and

(B) Any loss arising from investment of the funds held for the Escrow Agent on Dollar Accounts No. 1, No. 2 and No. 3.

11. The Bank may rely and shall be protected in acting on any instrument, instruction, notice or direction given by the Escrow Agent in accordance with paragraph 7 reasonably believed by them to be genuine and to have been signed or dispatched by the appropriate person or persons.

12. The Bank shall not be liable for any act or omission unless such act or omission involves negligence or wilful misconduct on the part of the Bank. This paragraph 12 does not apply to any loss arising from investment of the funds held for the Escrow Agent on the Dollar Accounts.

13. (a) The Bank shall advise the Escrow Agent by telex as soon as reasonably practicable thereafter of all changes in balances, deposits, interest earned and withdrawals on the six accounts opened and maintained by the Bank for the Escrow Agent as provided in paragraph 2 of this Arrangement.

(b) The Bank shall provide the FED by telex with a list of all debits and credits to the six accounts referred to in subparagraph (a) above.

14. The Bank and the FED accept that the Escrow Agent is a central bank, whose property is normally entitled to the full immunities of a central bank under the State Immunity Act of 1978 of the United Kingdom. Nothing in this Arrangement shall be considered as constituting, in whole or in part, a waiver of any immunity to which they are entitled.

15. Nothing herein shall require the Bank to violate the laws of England or any court order thereunder: the Bank confirms that none of the provisions of this Arrangement is in violation of the laws of England.

16. The provisions hereof may not be modified or changed except by an instrument in writing duly executed by or on behalf of the Escrow Agent, the Bank and the FED.

17. This Arrangement is written in English and French texts but, in the event of any conflict between the two texts, the English text shall prevail.

18. The arrangements described herein shall be governed by and construed in accordance with the laws of England.

Dated 20th of January 1981

BANQUE CENTRALE D'ALGERIE

by Mohamed Bessekhouad
Lakhdar Benouataf

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

by C. W. McMahon
D.H.F. Somerset

FEDERAL RESERVE BANK OF NEW YORK
AS FISCAL AGENT OF THE UNITED STATES

by Ernest T. Patrikis

Resources for a Credible Foreign Policy

Address before the American Foreign Policy Association and the World Affairs Council on January 15, 1981.[1]

I am departing an office I received with surprise, held with satisfaction, and relinquish with regret. I have been privileged to serve a nation I love, under a President for whom I have the deepest respect. He has labored with extraordinary effort and caring for our nation and for our ideals. I think history will look kindly upon his legacy and such achievements as the Camp David accords, the normalization of relations with China, peace in Zimbabwe, the strengthening of American defenses.

And one of my central concerns is an issue on which I worked as a member of the Senate, but which has been with me literally every single day, indeed every hour, of my time as Secretary of State.

The issue is this: Will America support the foreign policy this country needs with the resources a credible policy requires? Will we provide the funds necessary to support our diplomacy and our vital interests in the world, or will we shortchange them?

To people with an interest in foreign policy this is a perennial problem. The Department of State and the foreign assistance agencies face special obstacles. We can never match the domestic constituencies of other parts of the government in the competition for Federal funds.

But I suggest that the foreign policy resource problem is now passing beyond that condition of routine annual struggle. It is steadily worsening. It is, in my view, a gathering crisis. And it is a threat not only to the global influence of the United States but to the security and well-being of all the American people. The crisis ahead lies at the intersection of several critical trends.

Diffusion of Power

A first trend is the diffusion of authority—of power—in the world. Principally as a result of decolonialization, the Earth now holds nearly three times as many sovereign nations as it did at the end of the Second World War. There are more than 100 new countries.

As a statistic that is easy enough to grasp. We have a much harder time grasping the new realities it entails. For example, in the United Nations, and in many of its related bodies, the majority of votes now are cast by countries that didn't exist when the institution was formed. The balance of power in global institutions has shifted—not toward any competing superpower but toward the developing world.

For all of their diversity, nearly all of those new nations share at least one passion—for their sovereignty and national integrity. They are uniquely wary of outside manipulation or control. We have seen the dark side of this reality in the lawless behavior of Iran. But there are also positive manifestations of the same trend—the resistance of the nationalists in Afghanistan, for example, and the overwhelming vote in the United Nations to condemn the Soviet invasion of that country.

But whatever the effect in individual cases, the broad international truth is that power has been widely dispersed. An American diplomacy that can effectively protect and advance our interests in such a world requires, more than ever before, a diverse and skilled Foreign Service as well as a fully funded foreign assistance program.

U.S. Stake in Developing Countries

A second trend is our own growing stake in those developing countries. Today they are the fastest growing markets for American exports. Already they buy more from us than Japan and the European Common Market combined. Those sales to developing countries account for more than 2 million American jobs. They supply us with materials we cannot do without—not only oil but tin, bauxite, rubber, and a long list of others.

We also need their cooperation. World institutions control hundreds of matters affecting our lives—from the allocation of radio frequencies to procedures for harvesting the seas and mining their floors. Such global issues as population growth and nuclear proliferation touch our own daily lives in profound and persistent ways. And we have growing security interests in developing countries. For example, an effective response to Soviet ambitions in the Indian Ocean/Persian Gulf region requires access to military facilities on the scene.

So for all of these reasons—economic, political, security—good relations with developing countries are not something we concede; they are something we need.

Soviet Ambition

A third trend is one I have alluded to already—the ambition of the Soviet Union to extend its influence in the developing world. It is, of course, no revelation that the Soviets believe their system should be installed elsewhere and ultimately everywhere. That aspiration increasingly is backed up with a growing capacity to project military power far beyond their borders. A little over a year ago we saw a grim new step in Afghanistan—a direct Soviet invasion designed to transform a nonaligned country into a new satellite state.

Obviously we must never neglect the direct Soviet threat to the United States and the other industrial democracies. But the Soviets' most promising opportunities lie in the developing world through exploitation of disorder. Our diplomacy—if it is wise—and our resources—if they are generous—can promote order by helping other governments meet the aspirations of their people for economic, political, and social justice.

Worsening Economy of Third World

Unfortunately, a fourth trend brightens Soviet prospects there—and that is the worsening economic plight of most Third World nations. The barriers to development have grown steadily higher in recent years. Populations have multiplied; debts have swollen; energy prices have soared; available resources have dwindled. And the future looks worse. In the past year a series of authoritative reports—by the World Bank, by the Brandt Commission, by the President's world hunger commission, by agencies of our own government in the "Global 2000" report—have all foreseen in the coming decades a world with huge concentrations of desperate people.

Right now by far the greatest disabling factor is oil. It is a stunning fact that oil prices have roughly tripled in just 2 years—from $12.80 per barrel at the end of 1978 to some $35 now. Those increases have inflicted real pain here. Each round of higher costs further shocks our economy and fuels our inflation.

But if they have harmed us, those price hikes have ripped through Third World economies like a tornado, leaving economic devastation in their wake. National treasuries are draining dry. In the year just past, the bills to be paid by non-OPEC [Organization of Petroleum Exporting Countries] developing countries for imported oil and interest and external debt alone have been some three times what they received in aid.

The poorest lands are the hardest hit. Countries like Bangladesh, Liberia, the Sudan, and Uganda have little access to credit, so the trade-off is direct: Every dollar more paid for oil immediately means a dollar less to invest in productive enterprise. In the resulting economic crunch, funds reserved for investment often must be diverted on a crisis basis for such necessities as food.

In any nation, these are precisely the conditions that invite turmoil. It is not only the lesson, it is the litany of history that human misery is the enemy of order. Driven by the energy emergency, many governments are forced toward economic decisions that could mean their downfall. As this process continues, the lure of radicalism will become stronger; each day those who preach violence and hatred of the West will find more adherents in the developing world.

The OPEC countries have yet to recognize the profound dangers they create for themselves in pressing this trend. If their wealth is to have practical value, they have a stake in the economic health and stability of others. And obviously they, too, depend upon a stable world.

Shrinkage in U.S. Response

Finally, there is a fifth trend—not only a stagnation but a shrinkage in our affirmative response to these dangers. There are those who see these first four trends and see only their military implications. Certainly we need to help our friends build their strength. And we must be sufficiently armed ourselves to help deter and defeat aggression. That is why the current Administration has sponsored major real increases in military outlays.

But arms alone are an insufficient answer to the challenges I have described. In a world of crushing human needs—among nations stirred by nationalism with global problems demanding cooperative answers—we need still more than a mighty arsenal.

And what has been our response? We begin with a national indifference to our diplomatic structure. The quality and capacity of our professional Foreign Service is a decisive factor in our relations with other countries. Everyone knows and sympathizes with the plight of our hostages in Tehran and most people have not forgotten the other terrorist and mob attacks to which our diplomats have been subject in recent years. What is not so well known is our failure to maintain and sustain our essential diplomatic resources.

As we move further into the 1980s, it is clear that all elements of our national security need full support, and diplomacy is the front line of any lasting security. We must be well prepared militarily, but we must also do all we can to achieve our national goals without resort to force, and that, in a word, is the business of diplomacy.

Given the complexities of the world of the 1980s and 1990s, it is also clear that we need to understand still better the aspirations and interests of people in the rest of the world and other people need to understand still better our aspirations and interests. The consequences of misunderstanding are much greater than they were in the past. Making sure governments interpret each other's actions and words correctly is also the essential business of diplomacy.

If diplomacy is to be effective, then we must continue to have individuals who represent the best in America serving in our professional Foreign Service. Yet, the Department of State has the same number of people as it had in 1960 when we dealt with 66 fewer nations and problems that were significantly less complex. Despite mounting needs to understand this world still better, we have 18% fewer political officer positions than in 1960. That is not only a sorry picture, but a scary one, in the light of our global requirements.

The same short-sighted, stingy approach has limited also our foreign assistance programs. These are the programs that provide backing for our daily diplomacy even as they address the longer term economic and social sources of human suffering and political instability. Foreign aid, and particularly economic development aid, can be a favorite target on Capitol Hill. Often, those who are most vocal against aid programs are also the loudest in declaring their opposition to communism. They insist upon a goal we share even as they dismantle the means we need to pursue it.

The Congress has failed, for 2 years straight, to even pass our foreign aid legislation. We operate year to year on continuing resolutions, with funding based on levels of prior years. And in real terms the amounts are shrinking. We rank 14th among the world's major donors of assistance. For assistance programs that are directly related to our own security and prosperity, we provide roughly one-fifth of 1% of our gross national product. In real terms our economic aid today is actually less than it was 10 years ago. Our security assistance is nearly one-fourth less than it was in 1960.

But all of this still is only prologue. Budget trends suggest that a tighter pinch could be coming. The relatively "uncontrollable" parts of the Federal budget—social security, trust funds, and the like—are taking up even higher proportions of government spending. The remainder, now less than one-fourth of the budget, must cover national defense, all other international programs including foreign aid, and all the discretionary domestic programs as well.

Now if we project past trends into the future—and factor in the increases in defense already planned, let alone any further growth the Reagan Administration might want—we find this: By 1985 the total of funds left for international affairs and these domestic programs will be slashed nearly in half. It takes little imagination to forecast the resultant pressures on the State Department and foreign assistance budgets. That is why I say what we know now as an annual struggle is, in fact, a gathering crisis. If unmet, it could dramatically alter our role in the world.

That crisis can be averted. But it will require political will on the part of our leaders and a new awareness on the part of the American people. It must begin with a recognition of this central reality: We can no longer afford to act as if foreign aid were charity and as if diplomacy were a diversion. They are as vital to our long-run security as defense—as essential to the well-being of the American people.

In short, we have a fundamental choice we can no longer postpone. We must either raise our investments significantly or lower our expectations for the future. We cannot produce the foreign policy results our people expect with the dwindling resources we seem prepared to apply. If we continue to address surging international challenges with a shrinking commitment, then we ought to begin planning for an ineffectual, defensive, and perilous future.

rules to govern problems of those who claim dual nationality, establish a Joint Commission on Scientific and Technological Cooperation, promote collaboration in the field of high energy physics, and encourage cultural exchange and cooperation between the two countries. Separately, the two sides agree to establish a Joint Economic Committee.

February 1
"Joint press communique" issued in which the U.S. and China agree to facilitate the accreditation of resident journalists and undertake to conclude trade, aviation, and shipping agreements.

February 12–24
Representative Les AuCoin (Oregon) leads State trade delegation to China.

February 15
Taiwan agrees to the establishment of a nongovernmental organization, the Coordination Council for North American Affairs (CCNAA), to carry out unofficial relations with the people of the U.S.

February 17
Representative AuCoin and his delegation meet with Bank of China Deputy Manager Jin Deqin and other Bank of China officials; discuss the claims settlement question and the possibility of Export-Import Bank loans to China.

State Department responds to Chinese intervention in Vietnam by calling for "immediate withdrawal of Vietnamese troops from Cambodia (Kampuchea) and Chinese troops from Vietnam."

February 24–28
Governor Jay Hammond (Alaska) leads trade mission to China; Hammond is the first U.S. governor to visit China following normalization.

**February 24–
March 4**
Secretary of the Treasury W. Michael Blumenthal visits China and meets with Premier Hua Guofeng, Vice Premier Deng, and other senior Chinese officials.

February 26
Following hearings before the Senate Foreign Relations Committee, the Senate (82 to 9) confirms U.S. Liaison Office chief Leonard Woodcock as the first U.S. Ambassador to the P.R.C.

**February 26–
March 2**
Minister of Metallurgical Industries Tang Ke visits U.S.; meets with Secretary of Commerce Juanita Kreps.

February 28
Embassy of the formerly recognized Chinese Government (Taipei) officially closes in Washington, as does the American Embassy at Taipei.

March 1
U.S. and China formally establish diplomatic relations at the ambassadorial level as Embassies open at Beijing and Washington. Chinese Ambassador Chai Zemin presents his credentials to President Carter in Washington.

March 2
Secretary Blumenthal and Minister of Finance Zhang Jingfu initial a claims settlement agreement which provides for payment by China of $80.5 million in settlement of $196 million in property claims of U.S. nationals and the release by the U.S., by October 1, 1979, of approximately $80.5 million in Chinese assets frozen during the Korean war.

March 7
Ambassador Woodcock presents his credentials to Ulanhu, Vice Chairman of the Standing Committee of the NPC, in Beijing, thus completing the establishment of ambassadorial relations between the U.S. and China.

March 8–18
Governor Richard Thornburg (Pennsylvania) leads trade mission to China.

March 13
U.S. Senate and House of Representatives pass separate bills on U.S. nongovernmental relations with Taiwan.

March 15–24
Deputy Secretary of Agriculture Dale Hathaway leads a U.S. Department of Agriculture delegation to China. Representative Bill Alexander (Arkansas) accompanies the delegation.

March 16
Chinese Government formally protests congressional amendments to the Taiwan Relations Act, charging that the legislation contravenes the principles of normalization recorded in the joint communique.

March 24–31
House Ways and Means Committee delegation, led by Representative Al Ullman (Oregon), visits China; meets with Vice Premier Deng.

March 27
House backs Senate-House compromise on the Taiwan Relations Act (339 to 50).

March 28
Senate approves Taiwan Relations Act (85 to 4).

April 3
China delays signing the "claims-assets" settlement in protest of legislative action on Taiwan Relations Act.

April 10
President Carter signs the Taiwan Relations Act (Public Law 96–8), stating that he will implement it in a manner consistent with U.S. commitments under the joint communique.

AIT formally opens in Taipei.

April 12–20
Textile negotiator Smith, and chief of China Textiles Import-Export Corporation Han Fangyu, lead the first round of textile negotiations in Beijing.

April 13–19
Representative Jack Brooks (Texas), Chairman of the Committee on Government Operations, leads a congressional delegation to China.

April 14–17
Representative William Nichols (Alabama) visits Beijing in connection with U.S.-China textile negotiations.

April 14–21
Representative Melvin Price (Illinois), Chairman of the House Armed Services Committee, leads congressional delegation to China; meets with Vice Premier Deng and Deputy Chief of the General Staff of the People's Liberation Army (PLA) Wu Xiuquan.

April 15–20
Senate Foreign Relations Committee delegation, headed by Senators Frank Church (Idaho) and Jacob Javits (New York), visits China. A group of northwestern business representatives accompanies delegation.

April 16
Vice President of the Academy of Social Sciences Huan Xiang leads delegation to

Washington for meetings with the U.S. Committee on Scholarly Communication with the P.R.C.

April 17–28
Vice Minister of Communications Peng Deqing leads delegation to Seattle to attend ceremonies marking the first call of a Chinese ship at a U.S. seaport.

April 18
Representative Brooks' delegation meets with Vice Premier Deng.

April 19
Vice Premier Deng tells Senator Church and his delegation that the Taiwan Relations Act undermines the normalization of U.S.-China relations and comes close to nullifying it.

April 21–24
Representative Augustus Hawkins (California) leads delegation of the House Education and Labor Committee to China.

April 22
Representative Hawkins and his delegation meet with Vice Premier Li Xiannian; discusses China's major economic problems and the importance of good relations among China, Japan, and the Western alliance in preventing world war.

April 23
Representative Hawkins and his delegation meet with Deputy Director of the State Bureau of Labor Wang Jiong.

April 24–
May 9
Director of the National Bureau of Standards International Affairs Division Edward Brady leads delegation to China.

April 30
All U.S. forces and military installations are withdrawn from Taiwan.

May 4–15
Secretary of Commerce Kreps leads delegation to China; first round of U.S.-China negotiations on a maritime agreement is held in Beijing.

May 7
Secretary Kreps and Minister of Foreign Trade Li Qiang attend ceremonies in Beijing for the signing of four protocols covering atmospheric sciences, marine and fisheries sciences metrology and standards, and the management of scientific and technological information.

May 7
Secretary Kreps and Minister of Finance Zhang Jingfu formally sign the long-sought "claims-assets" agreement initialed during Secretary Blumenthal's March visit.

May 10
Secretary Kreps and Minister Li sign agreement designed to facilitate trade exhibitions for American and Chinese goods.

May 14
Secretary Kreps and Minister Li initial bilateral trade agreement.

May 19–
June 3
U.S. National Aeronautics and Space Administration (NASA) delegation, led by Administrator Robert Frosch, arrives in Beijing to implement the Sino-U.S. scientific and technical cooperation agreement.

May 21
NASA delegation meets Vice Premier Yu Qiuli.

May 21–30
Textile negotiator Smith and chief of China Textiles Import-Export Corporation Han Fangyu lead the second round of U.S.-China textile negotiations in Beijing.

May 22–29
U.S. postal delegation, led by Postmaster General William Bolger, visits China.

May 25
U.S. postal delegation and Chinese Ministry of Posts and Telecommunications sign a memorandum of understanding which provides for direct exchange of letters and post items, establishment of an express mail service between U.S. and Chinese cities, exchange of information on postal technology, and settlement of outstanding postal accounts dating back to 1949.

May 26–
June 2
U.S. Special Trade Representative Robert S. Strauss leads governmental and business delegation to China; holds textile negotiations with the Chinese in attempt to reach a compromise agreement; promotes U.S.-China business contact.

May 28–
June 10
Vice Premier in charge of the State Economic Commission Kang Shien visits U.S. and meets in Washington with President Carter, Secretary of Energy James Schlesinger, and other senior U.S. officials to discuss energy cooperation and oil exploration.

May 30
Special Trade Representative Strauss ends textile talks with the Chinese without agreement.

May 31
U.S. quotas are unilaterally imposed on five categories of Chinese textile imports.

June 1
Chinese officials accompanying Vice Premier Kang in the U.S. announce the beginning of negotiations with nine of the largest U.S.-based oil companies for seismic surveys in the South China Sea, which could lead to major U.S. involvement in Chinese offshore oil exploration.

June 3–7
Governor John Dalton (Virginia) leads delegation to China.

June 4–
July 1
Chief of the Office of Energy Resources of the U.S. Geological Survey (USGS), C. D. Masters, leads USGS petroleum (June 4–July 1) and remote sensing (June 4–28) delegations to China; groups visit China's Scientific Research Institute for Petroleum Exploration and Development.

June 5–6
M. J. Terman of the USGS Office of International Geography and Director of China's State Bureau of Geology (SBG) Sun Daguang meet in Beijing to discuss future USGS–SBG scientific cooperation.

June 6
Senate passes a nonbinding resolution that "approval of the U.S. Senate is required to terminate any Mutual Defense Treaty between the United States and another nation." The resolution is related to a Federal judge's decision earlier that day to dismiss a suit brought by 25 members of Congress against the President's decision to terminate the U.S. Mutual Defense Treaty with Taiwan.

June 6–9
Five American USGS remote sensing delegation geologists visit the Chaidamu

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ESCROW AGREEMENT
JAN. 19, 1981[3]

This Escrow Agreement is among the Government of the United States of America, the Federal Reserve Bank of New York (the "FED") acting as fiscal agent of the United States, Bank Markazi Iran, as an interested party, and the Banque Centrale d'Algerie acting as Escrow Agent.

This Agreement is made to implement the relevant provisions of the Declaration of the Government of Algeria of January 19, 1981 (the "Declaration"). These provisions concern the establishment of escrow arrangements for Iranian property tied to the release of United States nationals being held in Iran.

1. In accordance with the obligations set forth in paragraph 4 of the Declaration, and commencing upon the entry into force of this Agreement, the Government of the United States will cause the FED to:

(A) Sell, at a price which is the average for the middle of the market, bid and ask prices for the three business days prior to the sale, all U.S. Government securities in its custody or control as of the date of sale, which are owned by the Government of Iran, or its agencies, instrumentalities or controlled entities; and

(B) Transfer to the Bank of England as depositary for credit to accounts on its books in the name of the Banque Centrale d'Algerie, as Escrow Agent under this Agreement, all securities (other than the aforementioned U.S. Government securities), funds (including the proceeds from the sale of the aforementioned U.S. Government securities), and gold bullion of not less than the same fineness and quality as that originally deposited by the Government of Iran, or its agencies, instrumentalities or controlled entities, which are in the custody or control of the FED and owned by the Government of Iran, or its agencies, instrumentalities or controlled entities as of the date of such transfer.

When the FED transfers the above Iranian property to the Bank of England, the FED will promptly send to the Banque Centrale d'Algerie a document containing all information necessary to identify that Iranian property (type, source, character as principal or interest).

Specific details relating to securities, funds and gold bullion to be transferred by the FED under this paragraph 1 are attached as Appendix A.

2. Pursuant to the obligations set forth in paragraphs 5, 6 and 8 of the Declaration, the Government of the United States will cause Iranian deposits and securities in foreign branches and offices of United States banks, Iranian deposits and securities in domestic branches and offices of United States banks, and other Iranian assets (meaning funds or securities) held by persons or institutions subject to the jurisdiction of the United States, to be transferred to the FED, as fiscal agent of the United States, and then by the FED to the Bank of England for credit to the account on its books opened in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement (the Iranian securities, funds and gold bullion mentioned in paragraph 1 above and deposits, securities and funds mentioned in this paragraph 2 are referred to collectively as "Iranian property").

3. Insofar as Iranian property is received by the Bank of England from the FED in accordance with this Agreement, the Iranian property will be held by the Bank of England in the name of the Banque Centrale d'Algerie as Escrow Agent as follows:

- The securities will be held in one or more securities custody accounts at the Bank of England in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement.
- The deposits and funds will be held in one or more dollar accounts opened at the Bank of England in the name of Banque Centrale d'Algerie as Escrow Agent under this Agreement. These deposits and funds will bear interest at rates prevailing in money markets outside the United States.
- The gold bullion will be held in a gold bullion custody account at the Bank of England, in the name of the Banque Centrale d'Algerie as Escrow Agent under this Agreement.
- It will be understood that the Banque Centrale d'Algerie shall have no liability for any reduction in the value of the securities, bullion, and monies held in its name as Escrow Agent at the Bank of England under the provisions of this Agreement.

4. (a) As soon as the Algerian Government certifies in writing to the Banque Centrale d'Algerie that all 52 United States nationals identified in the list given by the United States Government to the Algerian Government in November, 1980, now being held in Iran, have safely departed from Iran, the Banque Centrale d'Algerie will immediately give the instructions to the Bank of England specifically contemplated by the provisions of the Declaration and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria, which are made part of this Agreement. The contracting parties resolve to work in good faith to resolve any difficulty that could arise in the course of implementing this Agreement.

(b) In the event that

(i) either the Government of Iran or the Government of the United States notifies the Government of Algeria in writing that it has given notice to terminate its commitments under the Declaration referred to above, and

(ii) a period of 72 hours elapses after the receipt by the Government of Algeria of such notice, during which period the Banque Centrale d'Algerie has not given the Bank of England the instruction described in subparagraph (a) above, the Banque Centrale d'Algerie will immediately give the instructions to the Bank of England specifically contemplated by the provisions of the Declaration and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria.

(c) If the certificate by the Government of Algeria referred to in subparagraph (a) has been given before the United States Government has effectively terminated its commitment under the Declaration, the Iranian property shall be transferred as provided in subparagraph (a) of this paragraph 4.

(d) The funds and deposits held by the Bank of England under this Agreement will earn interest at rates prevailing in money markets outside the United States after their transfer to the account of the Banque Centrale d'Algerie, as Escrow Agent, with the Bank of England, and such interest will be included as part of the Iranian property for the purposes of subparagraphs (a) and (b) of this paragraph 4.

5. On the date of the signing of this Agreement by the four parties hereto, the Banque Centrale d'Algerie and the FED will enter into a Technical Arrangement with the Bank of England to implement the provisions of this Agreement.

Pursuant to that Technical Arrangement between the FED, the Bank of England and the Banque Centrale d'Algerie, the FED shall reimburse the Bank of England for losses and expenses as provided in paragraph 10 thereof. The FED will not charge the Banque Centrale d'Algerie for any expenses or disbursements related to the implementation of this Agreement.

6. This Agreement will become effective as soon as it has been signed by the four parties to it and the Banque Centrale d'Algerie and the FED have entered into the Technical Arrangement with the Bank of England referred to in paragraph 5 of this Agreement.

7. Throughout its duration, this Agreement may be amended, canceled, or revoked only with the written concurrence of all four of the signatory parties.

8. Nothing in this Agreement shall be considered as constituting, in whole or in part, a waiver of any immunity to which the Banque Centrale d'Algerie is entitled.

9. A French language version of this Agreement will be prepared as soon as practicable. The English and French versions will be equally authentic and of equal value.

10. This Agreement may be executed in counterparts, each of which constitutes an original.

In Witness Whereof, the parties hereto have signed this Agreement on January 20, 1981.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

Warren M. Christopher

FOR THE FEDERAL RESERVE BANK OF NEW YORK
AS FISCAL AGENT OF THE UNITED STATES

ERNEST T. PATRIKIS

FOR THE BANK MARKAZI IRAN

FOR THE BANQUE CENTRALE D'ALGERIE

MOHAMED BESSEKHOUAD

LAKHDAR BENOUATAF

APPENDIX A

Securities, Gold Bullion, and Funds to be transferred by the Federal Reserve Bank of New York

International Bank for Reconstruction and Development Securities	$35 million (face value)
Gold Bullion	1,632,917.746 fine ounces of gold, good delivery, London bars of a fineness of 995 parts per 1,000 or better
Funds	Approximately $1.38 billion

STATEMENTS OF ADHERENCE, JAN. 19, 1981[4]

By the authority vested in me as President by the Constitution and laws of the United States, I hereby agree and adhere, on behalf of the United States of America, to the provisions of two Declarations that are being issued today by the Government of the Democratic and Popular Republic of Algeria relating to (1) the resolution of the current crisis between the United States and Iran arising out of the detention of the fifty-two United States nationals, and (2) the settlement of claims between the United States and Iran. The two Declarations shall constitute international agreements legally binding upon the United States and Iran upon the execution of an equivalent statement of agreement and adherence by the Islamic Republic of Iran and the delivery of both statements to the Government of the Democratic and Popular Republic of Algeria.

JIMMY CARTER

By the authority vested in me as President by the Constitution and laws of the United States, I hereby agree and adhere, on behalf of the United States of America, to the provisions of the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria. These Undertakings shall constitute an international agreement legally binding upon the United States and Iran upon the execution of an equivalent statement of agreement and adherence by the Islamic Republic of Iran and the delivery of both statements to the Government of the Democratic and Popular Republic of Algeria.

JIMMY CARTER

EXECUTIVE ORDERS, JAN. 19, 1981[4]

Direction Relating to Establishment of Escrow Accounts

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based my declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of U.S. diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

1-101. The Secretary of the Treasury is authorized to enter into, and to license, authorize, direct, and compel any appropriate official and/or the Federal Reserve Bank of New York, as fiscal agent of the United States, to enter into escrow or related agreements with a foreign central bank and with the Central Bank of Algeria under which certain money and other assets, as and when directed by the Secretary of the Treasury, shall be credited by the foreign central bank to an escrow account on its books in the name of the Central Bank of Algeria, for transfer to the Government of Iran if and when the Central Bank of Algeria receives from the Government of Algeria a certification that the 52 U.S. diplomats and nationals being held hostage in Iran have safely departed from Iran. Such agreements shall include other parties and terms as determined by the Secretary of the Treasury to be appropriate to carry out the purposes of this Order.

1-102. The Secretary of the Treasury is authorized to license, authorize, direct, and compel the Federal Reserve Bank of New York, as fiscal agent of the United States, to receive certain money and other assets in which Iran or its agencies, instrumentalities, or controlled entities have an interest and to hold or transfer such money and other assets, and any interest earned thereon, in such a manner as he deems necessary to fulfill the rights and obligations of the United States under the Declaration of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, and the escrow and related agreements described in paragraph 1-101 of this Order. Such money and other assets may be held in interest-bearing form and where possible shall be invested with or through the entity holding the money or asset on the effective date of this Order.

1-103. Compliance with this Executive Order, any other Executive Order licensing, authorizing, directing or compelling the transfer of the assets referred to in paragraphs 1-101 and 1-102 of this Order, or any regulations, instructions, or directions issued thereunder shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions, or directions.

1-104. The Attorney General shall seek to intervene in any litigation within the United States which arises out of this Order and shall, among other things, defend the legality of, and all actions taken pursuant to, each of its provisions.

1-105. The Secretary of the Treasury is delegated and authorized to exercise all functions vested in the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) to carry out the purposes of this Order.

1-106. This Order shall be effective immediately.

JIMMY CARTER

Direction to Transfer Iranian Government Assets

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which I based by declarations of national emergency in Executive Order 12170, issued November 14, 1979, and in Executive Order 12211, issued April 17, 1980, in order to implement agreements with the Government of Iran, as reflected in Declarations of the Government of the Democratic and Popular Republic of Algeria

SPECIAL BRIEFING,
JAN. 20, 1981

Mr. Muskie. Now that the principal object of the efforts that have been underway for the last 14 months has been achieved and consummated, it is important that you and, through you, the American people understand the agreements which have made that possible. I know you've all been curious about the facts that we hope we can make available to you this afternoon. I have appreciated your patience when I and others have resisted giving you some of this information, but now is the time for the American people to get the whole story and this briefing this afternoon is designed to move us toward that objective as well.

And so if I may, I will briefly outline the nature of the agreements which led to the release of the hostages today. We and the Iranian Government have given the Algerian Government interdependent commitments for a resolution of the hostage crisis. These commitments are in accord with the objectives we stated at the outset of this crisis—the safe return of our people on terms consistent with our national honor and interests.

A guiding principle in negotiating the agreement has been to return matters insofar as possible to where they stood before the hostages were seized—that is, to return property owned by Iran at the same time that our people are released, while protecting legitimate U.S. claimants.

Let me emphasize that the assets that will be returned are Iranian property in the custody of persons subject to U.S. jurisdiction here and abroad. These assets were blocked by the President on November 14, 1979, shortly after the takeover of our Embassy. After careful and thorough evaluation of all relevant factors, the terms of the arrangement were determined to be fair and technically feasible.

The first step in the implementation process called for a number of categories of Iranian assets to be transferred to an escrow account with the Bank of England in the name of the Algerian Central Bank.

The Government of Iran then had to certify to the Algerian Central Bank that the 52 hostages had safely departed Iran. Only when it had been done so could the Algerian Central Bank release a certain portion of these assets to Iran. These steps have now been taken.

One category of the assets of which I am speaking included those Iranian securities in the custody of the Federal Reserve Bank in New York.

Another category of Iranian assets comprised those assets in foreign branches of U.S. banks. These funds with interest, including more than 1.6 million ounces of gold, total just under $8 billion.

Of these funds, $3.7 billion will be used to prepay the bank loans, and $1.4 billion will remain in escrow until any disputed bank loans and interest are sorted out. Most of the claims of these American banks are thus immediately settled, and other claims are 100% protected with the amounts in escrow.

Finally, Iranian assets in domestic branches of U.S. banks and all other Iranian assets located in the U.S. or abroad in the custody of persons subject to U.S. jurisdiction will be transferred to the security account.

Mr. Miller. Will be unblocked.

Mr. Muskie. Yes. They'll be unblocked.

Mr. Miller. They'll be unblocked and used partially for Iran and partially for a security account.

Mr. Muskie. There may be an additional $1 to $2 billion or so in other assets. In the context of the release of these assets, Iran is committed to resolve certain claims by U.S. nationals under an agreed claims settlement procedure involving an international arbitration tribunal established by the agreement.

By Executive order, the President ordered the Secretary of the Treasury to license the Federal Reserve Bank of New York to effect the transfer of those assets in the Fed's custody. That transfer had to be completed before the hostages could be released.

The United States will lift import and export sanctions under the agreement once the hostages are released. These sanctions have imposed real costs on Iran in terms of greatly curtailed economic activity and substantial diplomatic isolation. The sanctions weighed increasingly heavily on Iran the longer the hostages were held.

An additional aspect of the agreement concerns the assets that may be located here of the former Shah and his family. The initial Iranian demand for the immediate return of the Shah's property was unacceptable as a matter of principle and law, and we've consistently rejected that demand.

We have, however, undertaken to block the transfer from the United States of any properties belonging to the Shah's estate that may be located here, and to inform the U.S. courts of the U.S. Government position that claims by Iran seeking recovery of the Shah's assets are not legally barred here by sovereign immunity or by the act of state doctrine.

I would like to reiterate our deep appreciation for the assistance of the Algerian intermediaries throughout these difficult weeks. They have carried out their responsibilities in a comprehensive and thoroughly professional manner. We are in Algeria's debt, and its assistance will be long remembered by those of us who have been associated with their efforts and by the American people.

I would like to go to Bill Miller now and Ben Civiletti, both of whom, with their people, have been of enormous assistance with the legal and technical aspects of these agreements.

Mr. Miller. Thank you, Secretary Muskie. Let me just call attention again to the principles that Secretary Muskie outlined. I won't repeat them, but they're important to remember—not only the release of the assets, but insofar as possible, getting back to the condition that existed before the taking of hostages and the freezing of assets.

Now, with the principles in mind, I would like to just explain a little more of how this works so that you will have a little better understanding.

Secretary Muskie mentioned the categories of assets that have been blocked, and I will just call again to your attention that there were three main categories from our point of planning.

- One were the assets that were held in the Federal Reserve Bank of New York. That, of course, is the central bank of the United States and, therefore, those assets really are under government control and have a different category of importance than one held by private parties.
- The second category would be the deposits held in branches of U.S. banks outside the United States. These funds are held in the United Kingdom, France, and Germany and are subject to the laws and circumstances of those countries, and they again can be treated differently from other assets.
- The third general category would be all the other assets held by or under the control of U.S. nationals or persons in the United States itself. This not only in-

cluded bank deposits but it would also include other financial assets—other properties—that were the properties of the Government of Iran or its instrumentalities.

The two that we could deal with in the principle of trying to unblock the assets at the time the hostages were released, the two we could deal with most readily were the first two—the assets held in the Federal Reserve and those located overseas. So, for that reason, we eventually arrived at the solution setting up an arrangement to transfer those assets into escrow in the Bank of England in the account of the Central Bank of Algeria so that they would be marshaled and ready to be used and released for the purposes intended at such time as the hostages were out of Iran.

If the hostages were not released, then those funds would be turned back to where they came from and we'd be back where we were, so no harm would have been done. We would not have, in any way, lost control. We were protected in that regard. On the other hand, if the hostages were certified to be free, then we lost control and the distribution of the escrow fund was agreed to. Of course, that happy event did in fact come about.

And so today, having marshaled the assets in the escrow account last night, we were able to have a certificate from the Central Bank of Algeria that the hostages were free, and so the funds were disbursed.

Let me again run over the figures of the funds going into escrow, and what happens to them when they come out so you will understand that a little better. Secretary Muskie used the figure of about $8 billion. Let me be a little more precise. The escrow became effective only if it could be certified that not less than $7.955 billion were in escrow. That was required for the transaction to work. Actually, this morning the Bank of England was able to certify that $7.977 billion of assets were in the account, and so it obviously met the condition.

The assets in the account consisted of about $5.5 billion of deposits and interest on deposits in U.S. bank branches abroad. Those were, in a very complicated transaction, moved into the Federal Reserve Bank of New York account and then moved into an account of the Federal Reserve Bank of New York in the Bank of England, and then moved into escrow.

In addition, the Federal Reserve itself had held, as I mentioned, assets of Iran. Those that were represented by securities and cash items came to about $1.4 billion. In addition, the Federal Reserve held gold that belonged to the Government of Iran, and as Secretary Muskie pointed out, that was something over 1.6 million ounces of gold, which were valued for this purpose, on a fixed valuation date, at about $940 million.

Then there were miscellaneous assets coming from custody accounts and securities that added up to the balance and the total came to $7.977 billion. Once that was certified and that certification was passed in Algiers by the Deputy Governor of the Bank of England to the Deputy Governor of the Central Bank of Algeria, the process started whereby all of the governments involved were notified of that, and the Iranian Government undertook then to start the process of releasing the hostages.

When the announcement was made that the hostages had crossed the frontier and were out of Iranian territory, then the distribution of these assets began. That is under way—I think is actually substantially completed.

The first fund I mentioned, to repeat, is that about $3.7 billion was returned to the Federal Reserve to be applied to pay off syndicated loans in which U.S. banks were participating, including interest up to a settlement date. That, we understand and we expect, will pay off all those syndicated loans, so they will be completely paid off.

The $1.4 billion will remain in the escrow account, and it will be used, under binding arbitration, first under opportunities to negotiate bilaterally and to come to settlement but, if not settled under binding arbitration, to pay for any additional bank loans that are not syndicated, or any disputes on the amounts of them, or any disputes on the amount of interest due. The balance in the fund, if you take the $3.7 and $1.4—whatever is left over—has been transferred to Iran free and clear. It is now in their hands.

Let's turn to the third category of assets, those in the United States. These will be unblocked, and in due course on a much slower process, because they are much more complicated to gain control and transfer of those assets—at a much slower pace—they, too, will be handled under explicit instructions. As they are made available, they will, through banking arrangements, end up in going 50% to the Government of Iran and 50% into a security account until that security account reaches $1 billion. Once it reaches $1 billion all other released assets go to the Government of Iran.

Then there is an international claims settlement agreement, which will provide for binding arbitration under an international tribunal, the settlement claims of American interests against Iran, and that $1 billion will be used to pay those claims. And the Government of Iran has a commitment to maintain that security account at a minimum balance of $500 million, so as claims are paid, if a claim should reduce the balance below $500 million, the Government of Iran will replenish it, so that there will be security for those claims.

That, I think, gives you a little better understanding of the mechanism by which this works. Obviously, this was a complicated transaction—perhaps the largest transfer of funds of private interests ever accomplished—and therefore did have its complications and its periods of perilous exposure to the fragility of the whole mechanism of marshaling and transferring assets.

I would be happy, of course, to expand upon this and other aspects, but I want merely, before I end my remarks, to express my particular appreciation—not only to Secretary Muskie and Warren Christopher, who have done such a magnificent job, the whole Department of State, and all the other departments of the government. But in my own Department of the Treasury, I have to say that I don't believe this transaction could have been completed without the dedicated work over endless time by Deputy Secretary of the Treasury Robert Carswell and by Assistant Secretary Richard Davis. They have just worked so intensely on this. I could name many others.

We also appreciate the tremendous cooperation we have received from the Federal Reserve Bank in New York and the Federal Reserve system and from all the banks and their attorneys and representatives. You may have heard during the process of this that there was perceived to be some difficulty with U.S. banks. Let me assure you that was not true. We did not comment at the time because it was too delicate a matter for us to try to intervene.

The banks have participated and rendered full cooperation. They tried for a long time to work out, in secret negotiations, a settlement of their overseas deposits and claims with the Iranians through the use of both U.S. attorneys and European attorneys. We tried to combine that negotiation at one time with a program to release the hostages. That did not succeed. We eventually came to this scheme; and once we moved to this scheme, their cooperation was absolute.

America's Potential

I have great confidence in America's potential. Our values are more relevant to the world than ever before. Our military strength is growing. Our dedication to the sovereignty of nations is squarely in line with the aspirations of developing countries. Despite all the setbacks, our economic system—our technology, the miracle of our agriculture, our innovation—remain a source of international strength, in contrast to the faltering of state-managed systems.

And I have confidence in the American people—in their capacity to grasp what is at stake when they are told the truth about what must be done to support forward-looking foreign policies.

The response of our people and our political leadership to this challenge will importantly determine the kind of world our children will inherit—whether it is hospitable or hostile to our values; whether we are fully engaged in the international system or excluding ourselves from it; whether Americans feel secure or surrounded. In the next few years, the choice must be made. For all of our sakes, I hope we choose wisely.

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[1] Press release 12. ■

Secretary Muskie Interviewed on "Meet the Press" (Excerpts)

Secretary Muskie was interviewed on NBC's "Meet the Press" on December 21, 1980, by Bill Monroe, NBC News (moderator and executive producer); Karen Elliot House, Wall Street Journal; *Carl Rowan,* Chicago Sun Times; *and Marvin Kalb, NBC News.*[1]

Q. What is your assessment of the latest conditions from Iran for the return of the 52 American hostages and the options they make available to this country?

A. We regard the response as unreasonable and as requiring of us actions beyond the power of the President to take.

Expecting, on the basis of this morning's news, that I'd be asked to react to what they have done, I would like to make clear that what I say about the subject on this program is not an official response; it's an official reaction to the extent that I'm in a position to respond to your questions. The second point I'd like to make is that it is official in the sense that I've discussed this subject with the President today, and what I have to say represents the reaction of the Administration.

Finally, in order to put this whole subject of negotiations between Iran and the United States in the proper context, what we are discussing is not the usual kind of negotiation between mutually agreed parties. What we are talking about is negotiating the release of hostages that were illegally taken over a year ago, who are being illegally held today—a taking that has been condemned by the World Court, condemned by the United Nations, and condemned by nations all over this planet. It's that illegal holding that we are seeking to correct. I think that these points are important points to be reminded of as we begin whatever discussions we may have today.

Q. Are the difficulties now posed by Iran so severe, in your judgment, that the Administration would consider, in effect, suspending negotiations at this point and leaving the resolution of the matter up to the incoming Reagan Administration?

A. No, indeed. We continue to work at what we think is a high-priority goal, and that is the release of the hostages. The Iranians previously have made requests that we could not meet. Nevertheless, we continue to use the private channel, through the Algerian Government, in an attempt to persuade them to our position.

What we have tried to do is make a goodwill effort, a good faith effort, to examine what we can do to restore their frozen assets within the legal authority of the President of the United States. And we will continue to do that.

Q. Are you saying that the Administration will present a detailed response to Iran's latest terms?

A. The nature of the response is, of course, still under study. We've had this response which, as you now know from the public prints, is quite long, extensive, and complicated, and which also requires an understanding of the Iranian use of concepts before we can respond. So the nature of our response is not yet decided, but the nature of this reaction is clear.

Q. You seem to be implying that you will respond again in some fashion, whatever the details, and that you won't simply say, "This is as far as we can go. You know what it is. Take it or leave it. If you don't like it, deal with the next Administration." Is that what you mean to imply?

A. What I mean to say is that a part of this frustrating and, at times, agonizing effort is to make clear to the Iranians through a third party—which complicates the task—the limits beyond which the President cannot legally go. It is not always clear whether that message has gotten through or whether they accept it.

This is not the first time that they have suggested items that would require us to go beyond the President's legal authority. This comes at a time when we were under the impression that they understood those limits.

Q. How do you expect them to release the hostages if they are not given something of a nature that they can pass off politically to their own people? I mean, we're saying we want the hostages back because they were illegally taken, and you can't have the money until the hostages are back.

A. They have a responsibility for leadership and accountability in their own political system just as I do in our system, and just as our President does in our system. The President cannot politically, let alone legally, exceed his own powers in dealing with their requests. They must understand that. So they have to decide first, are they going to respond to world opinion, which has judged that they have taken an illegal act and which has had an impact upon their own country economically in terms of isolation from the world community, in terms of denial of access to markets that they would find useful now, in terms of impacting on an unstable political situation in their own country, and in terms of threats on their own borders.

They've paid a cost for this illegal taking, and an increasing number of them have made it clear that they understand that their own national interests would be better served if the hostage issue were behind them. They have said that publicly. So if it is in their country's interest to solve this problem, then they have an obligation, as leaders in that country, to take the necessary decision.

Q. But they have, for a year, thumbed their noses at world opinion. We have Radio Tehran saying that, if you don't accept what you have called unreasonable, the Christmas trees here will be unlit next year, meaning the hostages will still be there. Would you give me your candid assessment as to whether you think there can be, ever, a negotiated settlement?

A. There will have to be a negotiated settlement unless they take the other step—which they have given no indication at all they are willing to take—to release the hostages without condition. That is what they ought to do, given the fact that they did an illegal act over a year ago.

With respect to their public rhetoric, I have found that, like politicians everywhere, their public statements made for domestic consumption may not necessarily disclose what may be possible through appropriate negotiations. It requires patience, it involves frustration, but you have to press it. You have to press it because I don't believe that country or any other country can persist in the kind of illegal action they have taken and not pay a penalty as a member of the community of nations.

Q. A lot of us sitting on the outside see a situation where it appears you've done everything that you can possibly do, and you're still left with a situation where the United States has to accept something close to abject capitulation to kidnappers and that we may be at the point where nothing is left but military action. Are we close to that point?

A. No, I would not say so. We've had a previous experience in the case of North Korea, a hostage situation, involving roughly the same number of people. They were held for 11 months and were eventually released. I think that these hostages will eventually be released. I don't believe that the Iranians can escape the costs that they are now paying for holding the hostages. Inevitably, at some point, they will make the decision that they must make.

Q. You are aware that there are some mumblings out there in America that the honor of the United States is more important than the lives of 52 hostages and that, at some time, this government is going to have to say, "The 52 don't matter that much. We're going to have to do what we have to do." Do you think, having given priority to saving the hostages all these months, that the United States can ever make that hard decision?

A. I don't think the two are that separable. I think that to permit them to jeopardize the safety and the lives of the hostages would be counter to our national interest and our national honor. I don't think you can separate the two. They are one problem.

Q. Are you ruling out the use of American military force by this Administration to resolve this problem?

A. We tried a form of that in the rescue effort which failed. That effort did not succeed and, in addition, making the effort, I think, prolonged the agony of the problem.

It is not easy, if one looks at a map of Iran, to consider military options unless one were to consider options with consequences that need to be carefully weighed for our other national interests before making it. An automatic military response is not an easy thing to devise or an easy thing to execute or one that one easily contemplates when one considers other national interests that might be impacted. But the President has made clear for a year that we will hold Iran accountable for the safety of the hostages, whatever that implies in the circumstances that may arise.

I don't think it is helpful to try to hypothesize what circumstances may arise. At this point, in our negotiations with Iran, we are within reach, if they could but see it, of a solution to the problem which would eliminate any such possibility, which would make possible the return of the hostages, and which would make possible the beginnings of a meaningful process of bringing Iran back into the community of nations in a dignified, responsible way. They've got to do that; they've got to face it at some point.

Q. You just said "within reach." If you had to project now "within reach" meaning weeks, months, do we have to wait for the next Administration to come in?

A. When I say "within reach," I don't mean on the basis of the most recent exchange between us that I see it happening. It's certainly not going to happen by Christmas, and it would be very difficult to make it happen within the time left to this Administration.

Q. Difficult?

A. Very difficult. It all depends on the extent to which the Iranian reply is a negotiating tactic or whether it is in fact a "take-it-or-leave-it" proposal.

Q. Are you beginning to suspect that it might be a case of old-fashioned ransom being asked of the United States?

A. What they've asked for is unreasonable, and it would require us to do things that we cannot do legally. That is the best way to describe it at this point. You know, they do some of these things that they are asking of us by just a flick of their fingers.

Q. Would the United States consider sending billions of dollars to Algeria—one figure mentioned today is $23 or $24 billion—as a guarantee against the eventual return of the Iranian assets frozen in this country and the Shah's wealth?

A. No. The President does not have the power to do that or the authority to do it. And let me put that in perspective, if I may. Iran placed in the hands of persons and institutions in the United States and other countries deposits totaling billions of dollars. They did that long before the hostages were taken. They took the risks attendant upon that. The U.S. Government had no responsibility with respect to those deposits. We don't guarantee those deposits. When they did that, they assumed certain risks.

Basin in western China. They are the first known foreigners to learn the current status of geological research and petroleum exploration in this area.

June 11-25
Office of Earthquake Studies chief Robert Wesson leads USGS delegation to China as part of the U.S.-China cooperative earthquake program; group meets with China's State Seismological Bureau officials.

June 16–29
National Committee for U.S.-China Relations sponsors U.S. Conference of Mayors delegation to China.

June 19
Mayoral delegation meets with Vice Premier Li; discuss Sino-American economic relations.

June 22–30
Secretary of Health, Education and Welfare Joseph Califano visits China.

June 22
Secretary Califano and Chinese Minister of Health Qian Xinzhong sign protocol on Cooperation in the Science and Technology of Medicine and Public Health.

Secretary Califano meets with Vice Premiers Fang Yi and Chen Muhua.

June 23
Secretary Califano signs a memorandum of understanding covering U.S.-China educational exchange programs, providing for the exchange of about 50 persons from both countries.

June 23–
July 13
Ambassador to the U.N. Conference on Science and Technology for Development (UNCSTD) Theodore Hesburgh leads delegation to China; delegation studies the role of traditional and modern science and technology in China's development.

June 24
Secretary Califano discusses U.S.-China educational exchange with Vice Premier Li Xiannian.

June 25
UNCSTD delegation meets with Vice Minister in Charge of the State Commission for Science and Technology Jiang Ming and Minister of Foreign Affairs Huang Hua.

June 26
UNCSTD delegation meets with State Economic Commission Deputy Director Guo Futao and Vice Premier Fang Yi.

June 28
Mayoral delegation meets with Guangdong Revolutionary Committee Chairman Yang Shangkun.

July 2–13
Ohio State trade delegation, headed by Governor James Rhodes, visits China.

July 6
Governor Rhodes and delegation meet with Vice Premier Yu Qiuli.

July 7
Ambassador Woodcock and Minister of Foreign Trade Li Qiang sign 3-year U.S.-China trade agreement in Beijing, by which the two countries accord each other most-favored-nation (MFN) tariff treatment and agree to other measures to promote bilateral trade and economic interaction.

July 10–24
Minister of Finance Zhang Jingfu visits U.S.

July 11
Minister Zhang and Treasury Secretary Blumenthal open talks in Washington.

August 7
Senator Henry Jackson (Washington) arrives in China for 18-day visit.

August 10–28
Governor John Carlin (Kansas) leads State trade mission to China.

August 14
Chinese officials and Pan American World Airways sign agreement concerning charter flights between San Francisco and Shanghai.

U.S. determines that China is a "friendly country" for the purposes of Section 607a of the Foreign Assistance Act of 1961, thus permitting U.S. Government agencies to furnish services and commodities to China on a reimbursement basis.

August 15–22
Representative Harley O. Staggers (West Virginia) leads a House Interstate and Foreign Commerce Committee delegation to China.

August 24
Senator Jackson tells the press in Beijing that Chinese leaders told him further delay in MFN status would adversely affect U.S.-China relations.

August 25–
September 1
Vice President Mondale leads delegation to China.

August 26
Vice President Mondale says U.S.-China trade agreement will be submitted to Congress by November 1.

August 27
In a nationally televised address to the students and faculty of Beijing University, Vice President Mondale says the U.S. is ready to grant China $2 billion in Export-Import Bank trade credits over the next 2–5 years and states that a weakened or isolated China would not be in U.S. interest.

August 28
Vice President Mondale signs agreements with China to expand cultural relations and promote cooperation in hydroelectric power and related water resource management.

August 31
Vice President Mondale formally opens the American Consulate General at Guangzhou, capital of Guangdong Province.

Chinese Government agrees to negotiate a civil aviation agreement with the U.S. Vice President Mondale indicates that the Carter Administration will terminate and replace with an unofficial arrangement the Nanking agreement of 1946, which regulates civil air transport between the U.S. and Taiwan, but purports to grant U.S. carriers landing rights on the China mainland.

Treasury Department allows the first U.S. Government checks to be sent to China since 1949.

September 9–21
Governor of Anhui Province, Wan Li, visits U.S. as guest of Governor Harry Hughes (Maryland).

September 15–
October 5
Minister of Agricultural Machinery Yang Ligong leads delegation to U.S.

September 16–23
Governor Dixy Lee Ray (Washington) leads delegation to China; meets with Vice Premier Deng and other senior Chinese officials.

The Inaugural Address of President Reagan

Ronald Reagan was sworn in as the 40th President of the United States on the west side of the Capitol on January 20, 1981. Following is the text of his inaugural address.[1]

To a few of us here today, this is a solemn and most momentous occasion. And yet in the history of our nation, it is a commonplace occurrence. The orderly transfer of authority, as called for in the Constitution, routinely takes place as it has for almost two centuries, and few of us stop to think how unique we really are. In the eyes of many in the world, this every-4-year ceremony we accept as normal is nothing less than a miracle. Mr. President, I want our fellow citizens to know how much you did to carry on this tradition. By your gracious cooperation in the transition process, you have shown a watching world that we are a united people, pledged to maintaining a political system which guarantees individual liberty to a greater degree than any other. And I thank you and your people for all your help in maintaining the continuity which is the bulwark of our republic.

The business of our nation goes forward. These United States are confronted with an economic affliction of great proportions. We suffer from the longest, and one of the worst, sustained inflations in our national history. It distorts our economic decisions, penalizes thrift, and crushes the struggling young and the fixed-income elderly alike. It threatens to shatter the lives of millions of our people. Idle industries have cast workers into unemployment, human misery, and personal indignity. Those who do work are denied a fair return for their labor by a tax system which penalizes successful achievement and keeps us from maintaining full productivity.

But great as our tax burden is, it has not kept pace with public spending. For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremendous social, cultural, political, and economic upheavals. You and I as individuals can, by following, live beyond our means but for only a limited period of time. Why then should we think that collectively, as a nation, we're not bound by that same limitation? We must act today in order to preserve tomorrow. And let there be no misunderstanding—we're going to begin to act beginning today.

The economic ills we suffer have come upon us over several decades. They will not go away in days, weeks, or months, but they will go away. They will go away because we, as Americans, have the capacity now, as we've had in the past, to do whatever needs to be done to preserve this last and greatest bastion of freedom. In this present crisis, government is not the solution to our problem; government is the problem.

From time to time we've been tempted to believe that society has become too complex to be managed by self-rule, that government by an elite group is superior—the government for, by, and of the people. But if no one among us is capable of governing himself, then who among us has the capacity to govern someone else? All of us together, in and out of government, must bear the burden. The solutions we seek must be equitable with no one group singled out to pay a higher price. We hear much of special-interest groups. But our concern must be for a special-interest group that has been too long neglected. It knows no sectional boundaries or ethnic or racial divisions, and it crosses political party lines. It is made up of men and women who raise our food, patrol our streets, man our mines and factories, teach our children, keep our homes, and heal us when we're sick; professionals, industrialists, shopkeepers, clerks, cabbies, and truck drivers. They are, in short, we the people—this breed called Americans.

To those neighbors and allies who share our freedom, we will strengthen our historic ties and assure them of our support and firm commitment. We will match loyalty with loyalty.

For this Administration's objective will be a healthy, vigorous, growing economy that provides equal opportunities for all Americans with no barriers born of bigotry or discrimination. Putting America back to work means putting all Americans back to work; ending inflation means freeing all Americans from the terror of runaway living costs. All must share in the productive work of this new beginning, and all must share in the bounty of a revived economy. With the idealism and fair play, which are the core of our system and our strength, we can have a strong and prosperous America at peace with itself and the world.

So as we begin, let us take inventory. We are a nation that has a government, not the other way around. And this makes us special among the nations of the Earth. Our government has no power except that granted it by the people. It is time to check and reverse the growth of government which shows signs of having grown beyond the consent of the governed. It is my intention to curb the size and influence of the Federal establishment and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the States or to the people. All of us need to be reminded that the Federal Government did not create the States; the States created the Federal Government.

Now so there will be no misunderstanding, it's not my intention to do away with government. It is, rather, to make it work—work with us, not over us; to stand by our side, not ride on our

A. First, with respect to yesterday's initiative by President Giscard, of course, we welcome any proposal that would bear fruit and result in the withdrawal of Soviet forces in Afghanistan. We were informed of the French initiative before the fact. We have gone back with a number of questions seeking broadening and enlightening information about how this would be handled, especially in the context of other intitiatives that are under way under the auspices of the United Nations. But in general, this is the kind of thing that we do welcome, and we would hope that it could proceed as a unifying, allied effort, and would also, as President Giscard suggested, include the views of the Islamic countries, who have taken some initiatives in this area.

Your second question was—

Q. —concerning the grain embargo.

A. The grain embargo. That was Freudian—I didn't want to answer. We have an interdepartmental review under way on this subject, the results of which have not been arrived at. In general, I would hope that in the future, we would not adopt sanctions against the Soviet Union or anyone else that would selectively punish one segment of the American domestic economy. But we are there today, and it's not so simple as it might sound if you are a representative of our agricultural sector.

Q. Would you please give us your comment on the meeting between President Reagan and President Chun Doo Hwan of South Korea, and also give us your general policy toward North Korea. I understand that the U.S. Government proposed three-way talks with North Korea in 1979.

A. I have not proposed any talks. I do not anticipate any until there has been a thorough review of the desirability of such talks, and they will be conducted against a backdrop of North Korean performance, conduct, and demeanor with respect to the desirability of and the hope for progress.

As you know, the Korean President will be visiting Washington next week. He has already, I believe, arrived on the West Coast. Somebody suggested, "Was this a deal for Mr. Kim?" [Mr. Kim Da Jung, political opposition leader] There were no deals—no deals—despite again some press speculation to the contrary. But we are very pleased to have the Korean President visit the United States as one of our first official visitors. It is not a state visit, but it is an official visit.

Q. What is the significance of the meeting?

A. I think it is vitally important. For the period since the end of World War II, with the enhanced rejuvenation in the early 1950s, Korea has been a friend, partner, and intimate participant in Western security relationships. Because of some static in a recent period, it's important that we clarify the air. I would not want anyone to suggest, as some have, that this is politically motivated because of upcoming elections in South Korea. Not at all. The American tie, if you will, is not an issue in these elections.

Q. Traditionally, it has been considered that you, North America, and the Soviet Union keep their own areas of influence all over the world. How can this be understood now that the Soviet Union has extended its presence to Latin America and Afghanistan? What element would North America consider to maintain the strategic interests of your country in Latin America?

A. I'm glad I asked you. I don't think my own past expressions on this subject need too much clarification before this group. I think it's clear that we have been witnessing an unprecedented—at least in character and scope—risk-taking mode on the part of the Soviet Union, not just in this hemisphere but in Africa as well. We have seen in that process the exploitation of the Cuban proxy, and I can assure you that this is the subject of utmost concern to this Administration, it is a subject which will be high on the priority of our national security and foreign policy agenda.

I would suggest also that an additional subject related intimately to this, in the conduct of Soviet activity and in terms of training, funding, and equipping, is international terrorism. International terrorism will take the place of human rights, our concern, because it is the ultimate of abuse of human rights. And it's time that it be addressed with greater clarity and greater effectiveness by Western nations and the United States as well.

Q. May I follow that up? In that context, we have just had the Libyans move into Chad, and now apparently beyond doubt, Cuban activity in El Salvador. What does your Administration intend to do about either of those?

A. We're looking very, very carefully at the recent Libyan incursion into Chad and the implications of that incursion, not only to Chad and the people of Chad, but to the surrounding states as well. We view it as a grave turn of events. I'll leave it there.

Q. Can I follow that up? Did you mean to say that you were not interested in human rights *per se* in non-Communist areas? I'm not sure what you meant by terrorism by Communist countries should replace concern about human rights.

A. I'm talking about in functional, priority areas. It's been my view that human rights is an essential and fundamental aspect of American foreign policy and domestic policy, and as such, when you remove it from the main stream of fundamental policymaking and give it an extraordinary role in organizational terms, you frequently result in distortions that probably put in jeopardy the well-meaning objective you seek to achieve. So I would like to see some organizational change in the period ahead—no deemphasis, a change in priorities.

The greatest problem to me in the human rights area today is the area of rampant international terrorism—on both sides of the Iron Curtain. And as one looks at the menu of those who have been most disturbed by it, it's surprising that the Soviet Union itself has been victimized by it. But be that as it may, they today are involved in conscious policies, in programs, if you will, which foster, support, and expand this activity, which is hemorrhaging in many respects throughout the world today.

Q. Can I just follow my own question? Does that mean organizationally, you will be trying to drop the kind of human rights input that went into foreign military sales?

A. I would anticipate that each and every regional policy director in this Department will have human rights high on his agenda in his across-the-board assimilation and assessment of what is in the vital interests of the American people and this country.

Q. This country has just gone through a great celebration of the return of the hostages from Iran. I really have two questions about it: First, do you yourself have any lessons which you have drawn from this 14-month-long ordeal of this government and people? And secondly, is it a proper inference, as some have drawn, that the swift and effective retribution would necessarily mean some downgrading for the concern of the personal safety

of those who may be involved in some future hostage-taking episode?

A. No, not at all, to answer the last part of your question first. Not at all—precisely the opposite. And I would suggest that you talk to the hostages about this, some of our former prisoners of war who have been, let's say, caught up in this debate.

With respect to my own observations, I've been here a week. I, of course, sat as a private citizen in the private sector, and anguished as I think all of us did with this situation. I would have some immediate observations of a general nature, but I prefer to hold up on those. We've got a number of people worried about the issue. There is some congressional interest in it. We're going to participate with them to the degree they wish to explore it. But I prefer to defer on that at this time.

Q. In view of your decision yesterday to recall Ambassador White from El Salvador, can you tell us whether or not you made a decision that he is to be retained? And secondly, also in view of your commitment to human rights, whether or not you will be considering abandoning aid to El Salvador?

A. You mean the aid that was recently just modified by the Carter Administration?

Q. Yes.

A. No, I don't anticipate any termination in the aid to El Salvador based on the recommendations of our Ambassador and our own assessement of the reforms that have been under way by the government there. As a matter of fact, it may go just the other way.

I have asked Ambassador White back for consultation—and I don't make it a habit of consulting with preconceived conclusions.

Q. When and how do you intend to proceed with peace talks between Israel and Egypt, and does the Administration intend to invite to the United States President Sadat and Prime Minister Begin, and when?

A. I don't think I would want to inject any sense of urgency in our view of this matter. We have and continue to support the Camp David accords and the peace process that was launched under those accords, and we will continue to abide by that in consultation with the parties, not only the signatories but those with a direct interest in the outcome. And I think that's enough for now. We're in the process of reviewing the situation. In that process, we perhaps will come up with a timetable that makes some sense, but I need to have some discussions with the parties concerned first.

Q. Returning to Latin America for a moment, the Carter Administration was talking to the Cubans pursuing an idea whereby the Cubans would take some of the criminal and mentally ill people who came over on the boatlift back in return for our agreement to accept 100,000 people over the next 3 years. Senator Childs has sent you a letter opposing that. Could you comment on that concept, on what you think our relations with Cuba ought to be and what we should talk to them about on this issue?

A. I would not like to break any new ground on that subject today other than to remind you that the previous Administration undertook some efforts to get agreement with the Cuban Government on this subject of the return of ill and other kinds of refugees who came here. Those talks collapsed; they were a total failure due to the lack of cooperation of the Cuban Government, and that's just another issue that is going to be put into the calculator which will ultimately lead to a reassessment of our policies toward Cuba.

Q. Could you comment on that concept, on taking noncriminal and nonmentally ill people in exchange for their taking back people who are—

A. This is an extremely delicate subject, as you know, with strong views held on both sides of that issue by well-meaning people. And this is the kind of an issue that before I break new ground on it or express my views, I'd like to consult with the appropriate committees of the Senate and the House and to be sure I am espousing the views of the new Administration and President Reagan, and that's not so today.

Q. How do you anticipate that the severe spending constraints on this Administration will play out on the foreign policy, and particularly the foreign aid area?

A. I'm very concerned about it; I'm concerned about it from two points of view. First, I'm concerned about the economic situation that has brought the necessity for even greater austerity upon us. And I leave that to other members of the Administration and the President himself to address, and I know he will; but we are in a serious situation requiring austerity.

Secondly, I've been concerned—and we are in the process now of consulting with Mr. Stockman in OMB [David Alan Stockman, Director of the Office of Management and Budget] on this subject, and I'm talking about A.I.D. [Agency for International Development], our own security assistance, and I hope that we are going to be able to get a recognition that both foreign assistance and foreign security assistance is sometimes a very cost-effective vehicle for insuring that the ideals and interests of this country are carried out effectively abroad.

Q. As a strategist and a politician, how do you see the defense cooperation between the United States and Europe, especially from the viewpoint of burdensharing in the light of the increasing threats in today's world?

A. Again, I have a long litany of comments on this over 5 years, and I don't like to depart from it, and that is that I would like to see all of us do more. But I would also like to see an enlightened appreciation here in the United States and among our own people for the great contribution that our effective participation in the alliance brings to our security.

I think it was Jim Schlesinger some years ago who had a study done that suggested that if we did not have the NATO alliance and the security assets it brings to the American people, we would have to double the gross allocation of our national product for defense to provide a comparable security capability. I don't know whether that's correct or wrong. I suspect it is a very modest assessment.

I have also suggested that if you go back to 1970 to date, cutting out last year's increases, largely legislatively mandated by the American Congress, European contributions in the gross have been going up about 22% since 1970; American contributions for defense in NATO have gone down by about 13%. The point of departure in 1970 was very bad. The United States was carrying far more of the overall share, but that was a legacy of the birth of the alliance itself. I think sometimes we get too impatient and get bludgeoning people who are doing the best they can in very austere economic circumstances, too. What we have to find is a way for everyone to do more; and I include Japan in that.

Press release 25. ■

U.S. Trade and Foreign Policy in the Western Hemisphere

by Ernest B. Johnston, Jr.

Address before the Southern Governor's Conference in Williamsburg, Virginia, on September 16, 1980. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.

From well before the time any of us were born, the Southern States have been leaders in recognizing the importance of international trade to the country and to the region. Starting with rice, indigo, naval supplies, tobacco, and king cotton before the Civil War, the South argued strongly for a policy of trade. Senator [Oscar Wilder] Underwood of Alabama, then Chairman of the Ways and Means Committee, put the Underwood tariff act into effect in 1912 to take duties down to a level that had not been seen after the war and were not to be seen again until the end of World War II. It was Cordell Hull [U.S. Secretary of State, 1933-44] of Tennessee who, in 1934, inaugurated the radical U.S. policy of tariff-lowering in trade through reciprocal trade agreements. And it was Congressman [Wilbur D.] Mills of Arkansas who for years was the guardian of an open U.S. trade policy.

But this is not just history; this relationship between the South and trade is still true now. Forest products and paper from Alabama, Georgia, Florida, and Mississippi; tobacco from North Carolina and Virginia; soybeans, grains, and cotton throughout the whole region; rice in Arkansas and Louisiana; planes from Texas, Virginia, and Georgia; electronics from Maryland and Texas; coal from West Virginia, Alabama, and Tennessee; textiles from Georgia and the Carolinas; machinery from Oklahoma, Missouri, Maryland, South Carolina, and Texas; transport equipment from Kentucky, Delaware, Georgia, Missouri, and Mississippi; and chemicals and plastics from Alabama, Florida, Louisiana, South Carolina, Tennessee, Texas, Virginia, and West Virginia all owe a large part of their prosperity to foreign markets. The basic interest of the South is still in trade.

I think it is also appropriate to recognize the particularly strong interest by the South in the countries of Latin America and the Caribbean. One aspect of this is the bridge furnished by Puerto Rico. Another manifestation in the distant past was the interest, at one point, in seeing Cuba join the United States, the influence of southerners in the filibusters in Nicaragua and Central American countries, participation by southerners in the construction of the Panama Canal, and an interest in Mexico that finally relieved it of half its territory. Needless to say, this is not an interest that has always been appreciated by its recipients, and I do not mean to imply that the South harbors, in its bosom, imperial designs toward Latin America.

We are now in another century that has, in many ways, transformed the South more than the rest of the country—in urbanization, race relations, industrialization, and making it by far the major source of energy for the United States. But the interest of the South in Latin America remains because the South is closer and more affected by what goes on across the Caribbean. Ask the Governors of Texas and Florida who keep as keen an eye on segments of Latin America as does the Secretary of State.

Public Interest

Public interest has heightened in the United States on trade as a result of recent large trade deficits, economic downturns, and rising unemployment. There has been an increased demand for return to high-tariff or new-tariff barriers to shield domestic industries from import competition. This heightened interest has often looked at trade not as an opportunity but as a threat to the American economy. There is no doubt that the government has a responsibility to slow down excessively rapid changes caused by bursts of imports when domestic workers and capitalists are materially damaged, and we have provisions in the law that allow that. But the country does not benefit from keeping people in jobs where the United States is not most productive, and, if we did, the consumers and our own industry would suffer. The government's job is to keep the economy growing so that economic shifts can be digested. After all, within our own borders we have seen a shift of rice production from South Carolina to Arkansas, Louisiana, and Texas. We have seen much cotton production shift from the old South to the Southwest; textiles have moved from New England to the Carolinas; petroleum production has moved from Pennsylvania to Texas, Oklahoma, and Louisiana. The true vibrancy of the United States comes from taking advantage of change.

World Trade Growth

The facts on world trade are moving faster, sometimes it appears, than our realizations of them. During a long portion of our history in this country we adapted ourselves to trade. But in the period from 1930 to the Second World War we had a policy of high tariffs, and the U.S. interest in trade languished. It was not the most vibrant of our economic periods. By 1950 only 7% of our production of goods was exported—about half the figure of 1913. Not until the late 1960s or early 1970s did we reach the 1913 figure again. But constantly since 1950, the trend, not only in this country but throughout the world, has been toward greater and greater dependence on trade to such a point that now one out of every five of the goods that we produce is sent abroad. This, of course, excludes services. In most years the rate of growth in world trade is twice the rate of growth in world production.

Over two-thirds of our imports are of raw materials and fuels essential to the economy. Petroleum, now about 35%, will cost about $90 billion this year. To help pay for this bill we have a surplus in trade of both manufactures and agriculture. One thing to keep in mind is that with the dramatic wrench caused by spiraling oil prices, members of the Organization of Petroleum Exporting Countries (OPEC) will have a balance-of-payments surplus this year of about $120 billion—a surplus equal to 10% of world trade. This surplus will be mirrored by deficits for the rest of the world. If that deficit was spread around evenly it would account for a U.S. deficit of about $20 billion, and other nonexporters of oil face the same phenomenon.

As the President has emphasized, the major economic change facing the United States is to adapt to the change in energy. We must both slow down our own energy consumption, and we must find new sources and new methods. About half of our merchandise imports consist of products which are noncompetitive with domestic products either because they are not available here or not available in sufficient supply. Competitive products serve as a spur to keep down the inflation rate in this country. Between 2 and 2½ million domestic manufacturing jobs depend directly on exports; one in nine U.S. manufacturing jobs and one in three of our farm acres produce for sales abroad.

Importance of Trade to the South

The importance of trade to the members of the Southern Governors Association is clear. Total exports from the 17 continental States this year should be about $60 billion and, in this region alone, we are talking about well over half a million jobs attributable to exports. Texas will send about $14 billion in goods abroad, Missouri about $5 billion, Louisiana close to $4 billion, North Carolina more than $5 billion. I have to admit that some of these figures are "hip-pocket" estimates since the latest accurate figures go back to 1976 and our trade has about doubled since then. Between 1973 and 1980, our exports and imports will have about tripled, a compound rate of growth of 18% a year.

Our trade with the Western Hemisphere has grown even more, and it includes two of our four largest trading partners, Canada and Mexico. Our trade with the developing Western Hemisphere nations exceeds that of any other block of developing nations including the Middle Eastern oil exporters. In 1979 we sent over $26 billion of goods to the Latin American republics, and we had a surplus of about $4 billion. That same year we sent $33 billion to Canada and had a deficit of about $5 billion. Mexico takes $10 billion of our exports, and Venezuela and Brazil each take about $4 billion.

Effects of Foreign Policy on Trade

Governor [of Virginia, John N.] Dalton asked me to discuss how foreign policy affects our trade in the Western Hemisphere. The relationship is, in fact, a circular one. These enormous figures are of great importance to the U.S. economy and to the economy of our neighbors, thus an important element in our foreign policy interest in this hemisphere. After all, what is foreign policy but a compilation of the important interests that we have abroad? Pursuit of our trade interest should ultimately lead us in the same direction as pursuit of our political interest—toward a close relationship with the countries of North and South America, in which all recognize a shared interest in the security, stability, and economic well-being of the region.

The Caribbean and Central America are a case in point. Political deterioration and economic decline in this area are of great concern, though we are trying, in a time of tight budgets, to respond to these problems with increased aid aimed especially at strengthening the private sector in these countries. Aid alone cannot handle the job. Economic development depends primarily on actions which countries themselves take to increase the productivity of their people and, thus, their standard of living. Despite aid to this region, trade prospects have a more important bearing on long-term economic development of these countries.

Many are small and depend on minerals or farm crops for most of their exports. Some have unemployment rates of 40%. Many that have begun to develop have done so on the basis of an economy geared to low priced energy. Now they must reorient their economies to pay for oil which has multiplied its price by 10 times in less than a decade.

The United States is their most important market. Our security interst would be well served if the Caribbean countries could take better advantage of our market. All of Latin America, with the obvious exception of Cuba, benefits from duty-free treatment for certain goods under our generalized system of preferences, and some of them among the poorest, such as Haiti, are taking the most advantage of the scheme.

Making our political and economic interests mesh, however, is not always a smooth process. The United States is a global power with many objectives, some of which conflict in particular situations. As a global power our reach is far. The world looks to us for constancy. Our concern with human rights goes back to the Revolution and is an old element in American policy, but it is occasionally cited as a foreign policy concern that interferes improperly with our trade interest. Human rights is a serious concern and, over the long haul in many countries, has an intricate bearing on political stability and economic progress. But I would like to point out that U.S. exports to Chile and Argentina, two of the prime focuses of our human rights efforts, increased in 1979 by over 60% in Chile and 125% in Argentina. Governor [of Georgia, George D.] Busbee, in his work with you and in the President's Export Council, has been doing valiant work to keep these different aspects of our policy in perspective.

The most typical case is one where economic differences lead to political problems. Sensitive imports from Mexico have caused problems for U.S. producers and spilled out into the political relationship. The choice of actions in such a situation is unattractive and involves tradeoffs among different domestic economic goals and with our external trade relationships. Likewise, energy imports, both gas and petroleum, which the United States seeks from both Canada and Mexico at reasonable prices, have from time to time been sources of political contention.

Other Latin exports to the United States are sensitive not because of low prices but because producers are seeking higher prices. I refer to primary commodities such as coffee, tin, and sugar. In the last 3 or 4 years, the United States has sought commodity agreements to dampen wild gyrations in commodity prices for about five commodities. We wish, on the one hand, to avoid excessive peaks in the pricing that ratchet up the cost for our consumers. It is also, however, in our interest to avoid excessive valleys in prices which would discourage investment in these commodities and, over the long haul, diminish supplies and thus exacerbate future price rises when the supply-demand situation changes.

It is hard for us to realize how important single commodities are to some of the Latin American countries. Over half of Bolivia's exports consist of the single commodity—tin; one-fifth of the exports of Barbados and the Dominican Republic are sugar; El Salvador and Guatemala get half their export receipts from coffee, and Haiti, Honduras,

Western Sahara Dispute

by Harold H. Saunders

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on December 4, 1980. Mr. Saunders is Assistant Secretary for Near Eastern and South Asian Affairs.[1]

There have been some modest developments in the western Sahara dispute over the past 6 months which improve prospects for the negotiating process necessary to develop the terms of a settlement.

As you are well aware, the American Government has sought to encourage all of the interested parties to turn their energies from the battlefield to the peace table. While we are neutral on the final outcome, we are deeply committed to bringing this war to an end so that our friendly relations with all of the countries of North Africa can continue to develop unclouded by the present distractions and complications of the war in the Sahara.

In the deliberations of the Organization of African Unity (OAU) in the past few months and the current U.N. General Assembly, tentative steps have been taken that may begin to lead the protagonists out of their current impasse. Over the past 6 months, we have seen a gradual change in attitudes on all sides which has created an atmosphere and an opportunity increasingly focusing the attention of the interested parties on those successive steps that must be taken if a compromise resolution of this conflict is to emerge.

I emphasize that the process is still highly tenuous and requires careful nurturing. There is no quick and easy solution. The road toward peace—in the western Sahara and elsewhere—will take the parties over some rough terrain as they maneuver to defend what they perceive to be their vital interests.

U.S. Relations With the Parties

Our relations with the parties to the dispute bear directly on our ability to work with them toward a solution. Today, partly as a result of our decision to sell certain types of arms to Morocco, our measure of influence with Morocco is increased to the point where we can cooperate in constructive steps, most recently the Moroccan-sponsored resolution at the United Nations.

At the same time, we have increased the intensity of our contacts with Algeria, especially on the question of our hostages in Iran. We believe such cooperation in one field will make it easier for us to work together in others. Also, we have established contacts with the Polisario, first in a meeting in Washington last spring, then by a visit to Polisario refugee camps in Algeria within the past week.

Establishing a Negotiating Process

As you know, the OAU has played an important role in trying to work out a compromise solution. Arising out of a decision taken by the OAU summit

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Bill of Rights Day, Human Rights Day and Week, 1980

A PROCLAMATION[1]

On December 15, 1791, the Bill of Rights became part of the Constitution of the United States. On December 10, 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights. Marking these anniversaries together gives us an opportunity to renew our dedication both to our own liberties and to the promotion of human rights everywhere.

The Bill of Rights carries with it an implied responsibility for the governed as well as for the governing. No American citizen can rest satisfied until the Bill of Rights is a living reality for every person in the United States, irrespective of race, religion, sex, national or ethnic origin. We cannot simply rely on the decency of government or the alertness of an active free press. Each individual must shoulder his or her share of the responsibility for seeing that our freedoms will survive.

The Universal Declaration of Human Rights is the cornerstone of a developing international consensus on human rights. Through it, the members of the United Nations undertake to promote, respect and observe human rights and fundamental freedoms for all without discrimination. We must continuously monitor the progress of this effort and the records of governments around the world.

The promise of the Declaration is remote to all those who suffer summary executions and torture, acts of genocide, arbitrary arrest and imprisonment, banishment, internal exile, forced labor and confinement for political cause. It is remote to the countless refugees who flee their lands in response to the elimination of their human rights. It is remote to those subjected to armed invasions or to military coups that destroy democratic processes. The Declaration will ring hollow to that segment of a population discriminated against by laws of *apartheid* or by restrictions on religious freedom. It will ring hollow to those threatened by violations of freedom of assembly, association, expression and movement, and by the suppression of trade unions.

The Declaration must also ring hollow to the members of the U.S. Embassy staff who have been held captive for more than a year by the Government of Iran.

The cause of human rights is embattled throughout the world. Recent events make it imperative that we, as Americans, stand firm in our insistence that the values embodied in the Bill of Rights, and contained in the Universal Declaration, be enjoyed by all.

I urge all Americans to support ratification of the Genocide Convention, the Convention on the Elimination of all Forms of Racial Discrimination, the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights and the American Convention on Human Rights. I renew my request to the Senate to give its advice and consent to these important treaties.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, do hereby proclaim December 10, 1980, as Human Rights Day and December 15, 1980, as Bill of Rights Day, and call on all Americans to observe Human Rights Week beginning December 10, 1980. It should be a time set apart for the study of our own rights, so basic to the working of our society, and for a renewal of our efforts on behalf of the human rights of all peoples everywhere.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of November, in the year of our Lord nineteen hundred and eighty, and of the Independence of the United States of America the two hundred and fifth.

JIMMY CARTER

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[1] No. 4804 of Nov. 14, 1980 (text from Weekly Compilation of Presidential Documents of Nov. 17). ■

meeting last July, the OAU's ad hoc mediation committee on the western Sahara (more commonly referred to as the Wisemen Committee) met in September and approved a peace plan calling for an immediate cease-fire by December 15, return of the Moroccan and Polisario forces to their base camps, a U.N. peacekeeping force to supervise the cease-fire, and an OAU referendum assisted by the United Nations on the issue of the future political status of the western Sahara. For the first time, all of the interested parties—Algeria, Mauritania, Polisario, and representatives of Saharan organizations in the western Sahara, including Morocco—attended this session of the Wisemen Committee even though no negotiations took place among the interested parties.

Morocco, which regards itself as the aggrieved party to Polisario attacks within Morocco proper, readily accepted the OAU call for an immediate cease-fire but expressed reservations about the referendum, while the Polisario supported a referendum but refused to accept a cease-fire until Morocco agrees to enter into direct negotiations. Algeria, for its part, maintained its position that it was not a party to the dispute even though the Polisario is granted assistance and asylum by the Algerians. It is widely anticipated that if the current OAU initiative does not lead to substantial progress toward a negotiated settlement by next June—when the 1981 OAU summit will take place—the Polisario will be admitted to the OAU. This may lead to increased material assistance to the Polisario and to further isolation of Morocco.

Further developments occurred during consideration of the western Sahara issue by the U.N. General Assembly's Fourth Committee last month. The resolution supported by Algeria passed easily, criticizing Moroccan occupation of the western Sahara and calling for direct negotiation between the Polisario and Morocco leading to self-determination and "independence." By referring to "independence" and to the Polisario as "representative of the people of the western Sahara," it seemed to us that this resolution prejudged the issue and to some degree contradicted the Wisemen recommendation for a referendum which would allow the inhabitants of the western Sahara to express their own preferences.

The Moroccans offered a resolution which supported the initiatives of the Wisemen Committee. We would have liked to have seen specific reference to the core elements of the Wisemen's recommendations. However, in a statement the Moroccan delegate said: "Morocco is cooperating and will continue to cooperate diligently with the ad hoc committee to implement its mandate of Freetown, particularly as it relates to the free choice of the population." We considered this statement a significant step forward and, on the basis of it, supported the Moroccan draft resolution.

U.S., Israel Settle Claim on U.S.S. *Liberty*

DEPARTMENT ANNOUNCEMENT, DEC. 17, 1980[1]

The U.S. Government has accepted the proposal by the Government of Israel to pay $6 million in three annual installments of $2 million each, beginning on January 15, 1981, as final settlement of the U.S. claim for compensation for damage to the U.S.S. *Liberty* as a result of actions of the Israeli Armed Forces on June 8, 1967.

The Government of Israel paid in full in 1968 the U.S. claim for $3,323,500 on behalf of the families of the crewmen who were killed in the incident, and in 1969 the Government of Israel paid in full the U.S. claim for $3,452,275 for injuries sustained by the members of the *Liberty's* crew.

[1] Read to news correspondents by Department spokesman John Trattner. ■

Future Prospects for Negotiation

Although the Moroccan draft resolution was defeated by one vote, we followed up with bilateral discussions with both the Moroccans and Algerians to explore how the recommendations of the Wisemen Committee could be implemented. We have also sought to elicit from various members of the OAU their suggestions for maintaining the momentum set in train by the September resolutions of the OAU Wisemen Committee. There are a number of questions which might be usefully addressed in this regard. How would a referendum be carried out? How would one establish voting eligibility? Which institutions would be best equipped to carry out a referendum? Would it be useful for the OAU to establish a subcommittee of experts to work out some of these details?

We do not embrace any particular solution to the conflict, although the OAU call for a cease-fire and a referendum does appear to us as a useful basis upon which to move forward. As a result of my discussions with interested and concerned parties, I note a heightened interest in accelerating the peace process. Compared with the situation a year ago, I believe that we can take some satisfaction in the progress that has been made.

- The interested parties have met with the OAU subcommittee.
- The complexities involved in reaching a peaceful solution have been brought out more clearly.
- The OAU has laid down general principles which could serve as the basis for a settlement.
- And most important, the interested parties seem to have come to an awareness of the urgency of embarking on negotiations as the only way out of a stalemate on the battlefield.

Nevertheless, the principal parties remain far apart on their demands. We believe a process of peace is required to bring about a convergence of views.

Military Situation

While the military situation in the past year has improved for the Moroccans and they appear able to hold their control of the principal towns in the western Sahara, Polisario attacks continue. Thus the war of attrition continues without any indication that either side has reason to hope for a military victory.

We have been particularly concerned about Polisario attacks deep into Morocco's southern provinces which in some instances could have shifted the locus of the fighting toward the Moroccan-Algerian border. In talks with both Algeria and the Polisario, we have attempted to discourage especially attacks outside of the disputed territory. There are some indications that our concern has been fruitful. Reports of increased Polisario movement in Mauritania and the role of Libya are also of concern to us. We do not believe that either Morocco or the Polisario has won—or can win—a decisive advantage on the battlefield. Therefore, our

World Court Hears U.S. Argument on Transfer of WHO Regional Office

In the 33d World Health assembly, held in Geneva in May 1980, several Arab states introduced a proposal to transfer the World Health Organization's (WHO) Eastern Mediterranean Regional Office (EMRO) from Alexandria, Egypt, to Amman, Jordan. The reason given for the proposal was that most of the countries in the region had decided to break diplomatic relations with Egypt and did not wish to conduct their WHO business through the Alexandria office. The motive for the move was acknowledged to be political. The United States and many other countries opposed transfer as an improper and costly political interference in the highly successful workings of a technical and nonpolitical specialized agency.

Apart from the merits and demerits of moving the office, Egypt and the United States maintained during the assembly's discussion of the resolution to transfer the office that the WHO could not move EMRO from Egypt without regard to the 2-year notice provision in the WHO's host agreement with Egypt regarding the regional office. Some other states argued that this notice provision applied only to negotiations over a change in the privileges and immunities of WHO officials in Egypt and that it would not apply to a decision by the WHO to move the regional office.

In order to resolve this dispute, the United States introduced a resolution deferring any decision on removal of the regional office until the International Court of Justice (ICJ) could give an advisory opinion on the question of the applicability of the host agreement to removal of the office. On May 20, 1980, the World Health Assembly approved the U.S. resolution, which referred the following questions to the Court:

1. Are the negotiation and notice provisions of section 37 of the agreement of March 25, 1951, between the World Health Organization and Egypt applicable in the event that either party to the agreement wishes to have the regional office transferred from the territory of Egypt?

2. If so, what would be the legal responsibilities of both the World Health Organization and Egypt, with regard to the regional office in Alexandria, during the 2-year period between notice and termination of the agreement?

The Court invited all states parties to its statute that also belonged to the WHO to submit written statements and to participate in oral argument. Written statements were filed by Bolivia, Jordan, the United Arab Emirates, Iraq, Kuwait, Egypt, Syria, and the United States. On October 21, 22, and 23, 1980, the Court met in The Hague to hear oral argument. Presentations were made by the United Arab Emirates, Tunisia, the United States, Syria, Egypt, and the World Health Organization.

Representing the United States in the case were Stephen M. Schwebel, Deputy Legal Adviser of the Department of State; Stephen R. Bond, Legal Adviser to the U.S. Mission to International Organizations, Geneva; Ralph Drury Martin, Attorney-Adviser, Department of State; and Lori Fisler Damrosch, Special Assistant to the Legal Adviser, Department of State.

Following are excerpts from the U.S. oral argument made to the Court by Mr. Schwebel.

1. The argument that the host agreement is not a headquarters agreement but merely an agreement on privileges and immunities.

. . . [L]et us consider what the significance is of the contention that the host agreement is no more than an agreement on privileges and immunities. It raises the complementary question of the significance of the contrasting contention of Egypt and the United States that the host agreement is a headquarters agreement. The distinction between a headquarters agreement and an agreement on privileges and immunities is not semantic. We are concerned with the fundamental question of the role and the content of the host agreement of 1951.

It is the contention of the United States that the host agreement of 1951 provides the full and comprehensive legal basis for the continuing presence and operation of the regional office in Alexandria. This is not a situation in which the 1951 host agreement regulates an ancillary aspect of a preexisting and independent legal relationship. The function of the host agreement is to place on a proper and enduring legal footing the establishment, maintenance, and operation of the regional office. *Mutatis mutandis,* the host agreement is the particular international convention which, in the words of article 38 of the statute of this Court, establishes the "rules expressly recognized by the Contesting States." When we speak of the host agreement as a headquarters agreement, we use a kind of legal shorthand which expresses the essence of our argument. Similarly, when the states that seek a negative answer from the Court speak of an agreement on privileges and immunities, they use a kind of legal shorthand which expresses the essence of their argument.

Now, if the characterizations of the host agreement as an agreement on privileges and immunities were correct, there would have been no need for the host agreement. At the time the host agreement was signed, the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations was in force. Egypt was asked by the 2d World Health Assembly provisionally to apply it and apparently did, pending its accession [to the convention]. Moreover, the Organization and Egypt had already entered into a bilateral privileges and immunities agreement in connection with the Organization's provision of services in Egypt. That agreement was concluded on 25 August 1950. Thus if the *only* purpose of the 1951 host agreement was to regulate privileges and immunities, it would have been superfluous. . . .

The host agreement is undeniably concerned with privileges and immunities, but clearly it goes beyond that concern. The fact is that Egypt and the Organization decided, before the establishment of the regional office, to conclude an agreement governing its establishment and maintenance. That agreement is a headquarters agreement in form and content. To be sure, the host agreement of 1951 is not entitled "headquarters agreement." It does not expressly provide that the Organization's regional office "shall be established and maintained in Alexandria." Nevertheless, it is clear that the parties, in concluding the host agreement, contemplated maintenance of a permanent seat of the Organization for and in its Eastern Mediterranean region. They did not have in mind a legal regime of privileges and immunities for officials of the Organization passing through or temporarily assigned to Egypt. The Organization and Egypt assumed, understood, and expressed their mutual accord that this seat would be physically located in Egypt, specifically in Alexandria.

Thus in the agreement the parties refer to "the Regional Office in Alexandria" (section 1, para. V), "the premises of the Organization in Egypt" (section 6), and "the seat of the Organization" (section 30). These are references to a physical location of the Eastern Mediterranean Regional Office at its Alexandria headquarters. They are references to a permanent location contained in an agreement of indefinite duration. Moreover, under the host agreement, the obligations of the parties embrace the establishment, operation, and maintenance of physical facilities in Alexandria. For example, section 30 provides for electricity, gas and water supply, refuse removal, and police protection. These are the earmarks of a headquarters agreement, not a privileges and immunities agreement. If this host agreement is compared with other headquarters agreements, their essential identity of content is manifest, as the written statements of the United States and Egypt demonstrate.

The intentions of the parties accordingly are clear from the terms of the agreement itself. But further evidence of the parties' intentions is abundantly available. The negotiating history of the agreement, including the development of the models on which it was based, suggest that there was never any doubt in the minds of the negotiators that a permanent headquarters regime was being established....

2. The claim that the Alexandria office was established by an agreement other than and anterior to the 1951 host agreement.

...Where we differ with our distinguished colleagues from the United Arab Emirates and Kuwait is in this: We do not agree that the governing headquarters agreement is anything else but the host agreement between the Organization and Egypt of 25 March 1951.

We cannot agree that the 1949 decision of the Executive Board of the Organization to locate EMRO in Alexandria and its acceptance by Egypt constitute the governing international headquarters agreement. If this be the governing international agreement, where is it to be found? It is not printed in the United Nations *Treaty Series* or in the publications of the World Health Organization. It has not been presented to the Court. There appears to be no written record of such an agreement anywhere, even in an exchange of letters between the Organization and the Egyptian Government. The terms of any such agreement are unknown. And most importantly for these proceedings and for this Court, this alleged agreement has not been registered with the Secretariat of the United Nations pursuant to Article 102 of the U.N. Charter. Consequently, it cannot be invoked before the Court by any party to it, nor presumably, by a third state on behalf of any such party.

It cannot be believed that any government would permit the indefinite establishment on its territory of a regional headquarters of an international organization on the basis of so simple a simplified agreement. Still less can it be believed that Egypt would so agree. The sensitivity of Egypt to several legal problems dealt with in the negotiations between Egypt and the Organization over the terms of the 1951 agreement demonstrates that Egypt was not prepared lightly to agree to the indefinite establishment and maintenance of an international organization on its territory. The parliamentary debates to which I have referred and their preoccupation with capitulations, as well as the history of the Alexandria Sanitary Bureau and its predecessors, graphically show that Egypt did not ever treat the emplacement of an international organization on its territory casually, as, for example, a matter to be dealt with in a summary resolution of an international organization to which Egypt would manifest unwritten consent.

On the contrary, beginning early in 1949, Egypt carefully considered the host agreement and meticulously negotiated it. And, for the reasons which I have earlier described, both Egypt and the Organization plainly regarded the host agreement as the governing headquarters agreement for the Eastern Mediterranean Regional Office at Alexandria....

...To be sure, the regional office was actually installed in 1949, before the host agreement came into force in 1951. But the fact that the host agreement was ratified in 1951 by no means proves that the host agreement is not the governing headquarters agreement. All it shows is that, in 1949, Egypt permitted the conversion of the long-established Alexandria Sanitary Bureau into the regional office of the World Health Organization in view of the continuing negotiation of a host agreement based on the existing model host agreement. That is to say, Egypt was prepared to agree to the selection of Alexandria as the site of the regional office for the Eastern Mediteranean area which the Executive Board had conditionally approved, and to integrate the functions of the Alexandria Sanitary Bureau into, and to transfer that bureau's files to the regional office upon the commencement of its operations.

But, both Egypt and the Organization well knew that the preliminary measure of agreement indicated by the Organization's resolution and Egypt's actions was reached in contemplation of the parties completing negotiations for a host agreement—as, in fact, they did. And when they concluded that host agreement, the preliminary understandings evidenced by the Executive Board's resolution and Egypt's acts were merged and integrated into the host agreement. That integration is definitive. It alone, in the terms of the host agreement, fully and adequately expresses the intention of the parties concerning the location and regulation of the seat of the regional office. The host agreement of 1951 is a complete and formal headquarters agreement which contains a denunciation clause. Accordingly, that clause rather than a nonexistent clause in a nonexistent agreement governs any disestablishment of the Alexandria office....

3. The alleged legal effect of the breach of diplomatic relations with Egypt.

...[T]he political attitudes of some of the Organization's members can have no effect on the legal relationship entered into between the Organization and Egypt in the host agreement of 1951.

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. Government can and must pro- pportunity, not smother it; foster ctivity, not stifle it. If we look to iswer as to why, for so many , we achieved so much, prospered other people on Earth, it was se here, in this land, we unleashed iergy and individual genius of o a greater extent than has ever done before. Freedom and the y of the individual have been available and assured here than in ier place on Earth. The price for eedom at times has been high, e have never been unwilling to hat price.

t is no coincidence that our nt troubles parallel, and are pro- onate to, the intervention and sion in our lives that result from cessary and excessive growth of nment. It is time for us to realize we are too great a nation to limit lves to small dreams. We're not, me would have us believe, doomed inevitable decline. I do not believe ate that will fall on us no matter we do. I do believe in a fate that all on us if we do nothing.

eace is the highest aspiration of the American people. We will negotiate , sacrifice for it; we will not surrender for it, now or ever.

o with all the creative energy at ommand, let us begin an era of nal renewal. Let us renew our mination, our courage, and our gth, and let us renew our faith and ope. We have earned every right eam heroic dreams. Those who say we're in a time when there are no es, they just don't know where to You can see heroes every day go- n and out of factory gates; others, ndful in number, produce enough to feed all of us and then the world nd. You meet heroes across a ter and on both sides of that ter. They are entrepreneurs, with in themselves and faith in an idea, create new jobs, new wealth, and rtunity. They are individuals and lies who pay taxes, support the rnment, and whose voluntary gifts ort church, charity, culture, art, education. Their patriotism is quiet deep; their values sustain our na- al life.

Now I have used the words "they" "their" in speaking of those heroes; uld say "you" and "your" because addressing the heroes of whom I k—you, the citizens of this blessed land. Your dreams, your hopes, your goals are going to be the dreams, the hopes, and the goals of this Administration, so help me God.

We shall reflect the compassion that is so much a part of your makeup. How can we love our country and not love our countrymen? And loving them, reach out a hand when they fall, heal them when they're sick, and provide opportunity to make them self-sufficient so they will be equal in fact and not just in theory.

Can we solve the problems confronting us? Well, the answer is an unequivocal and emphatic yes. To paraphrase Winston Churchill: I did not take the oath I've just taken with the intention of presiding over the dissolution of the world's strongest economy. In the days ahead, I will propose removing the roadblocks which have slowed our economy and reduced productivity. Steps will be taken aimed at restoring the balance between the various levels of government. Progress may be slow—measured in inches and feet, not miles—but we will progress. It is time to reawaken this industrial giant, to get government back within its means, and to lighten our punitive tax burden. And these will be our first priorities, and on these principles there will be no compromise.

On the eve of our struggle for independence, a man who might have been one of the greatest among the Founding Fathers, Dr. Joseph Warren, president of the Massachusetts Congress, said to his fellow Americans: "Our country is in danger, but not to be despaired of. . . . On you depend the fortunes of America. You are to decide the important questions on which rest the happiness and liberty of millions yet unborn. Act worthy of yourselves." Well, I believe we, the Americans of today, are ready to act worthy of ourselves, ready to do what must be done to insure happiness and liberty for ourselves, our children, and our children's children.

And as we renew ourselves, here in our own land, we will be seen as having greater strength throughout the world. We will again be the exemplar of freedom and the beacon of hope for those who do not now have freedom. To those neighbors and allies who share our freedom, we will strengthen our historic ties and assure them of our support and firm commitment. We will match loyalty with loyalty. We will strive for mutually beneficial relations. We will not use our friendship to impose on their sovereignty, for our own sovereignty is not for sale.

As for the enemies of freedom, those who are potential adversaries, they will be reminded that peace is the highest aspiration of the American people. We will negotiate for it, sacrifice for it; we will not surrender for it, now or ever. Our forbearance should never be misunderstood. Our reluctance for conflict should not be misjudged as a failure of will. But if action is required to preserve our national security, we will act. We will maintain sufficient strength to prevail, if need be. Knowing that if we do so, we have the best chance of never having to use that strength. Above all, we must realize that no arsenal or no weapon in the arsenals of the world is so formidable as the will and moral courage of free men and women. It is a weapon our adversaries in today's world do not have. It is a weapon that we as Americans do have. Let that be understood by those who practice terrorism and prey upon their neighbors.

I'm told that tens of thousands of prayer meetings are being held on this day. For that I'm deeply grateful. We are a nation under God. And I believe God intended for us to be free. It would be fitting and good, I think, if on each inaugural day in future years, it should be declared a day of prayer.

This is the first time in our history that this ceremony has been held, as you've been told, on this west front of the Capitol. Standing here, one faces a magnificent vista, opening up on this city's special beauty and history. At the end of this open mall, are those shrines to the giants on whose shoulders we stand. Directly in front of me, the monument to a monumental man, George Washington, father of our country, a man of humility who came to greatness reluctantly. He led America out of revolutionary victory into infant nationhood. Off to one side, the stately memorial to Thomas Jefferson. The Declaration of Independence flames with his eloquence. And then, beyond the Reflecting Pool, the dignified columns of the Lincoln Memorial. Whoever would understand in his heart the meaning of America will find it in the life of Abraham Lincoln.

Beyond those monuments to heroism is the Potomac River and on the far shore, the sloping hills of Arlington National Cemetery, with its row upon row of simple white markers bearing crosses or Stars of David. They add up to only a tiny fraction of the price that has been paid for our freedom. Each one of those markers is a monument to the kind of hero I spoke of earlier. Their lives ended in places called Belleau Wood, the Argonne, Omaha Beach, Salerno, and halfway around the world on Guadalcanal, Tarawa, Pork Chop Hill, the Chosin Reservoir, and in 100 rice paddies and jungles of a place called Vietnam.

Under one such marker, lies a young man, Martin Treptow, who left his job in a small-town barber shop in 1917 to go to France with the famed Rainbow Division. There on the western front, he was killed trying to carry a message between battalions under heavy artillery fire. We're told that on his body was found a diary. On the flyleaf, under the heading "My Pledge," he had written these words: "America must win this war. Therefore, I will work, I will save, I will sacrifice, I will endure, I will fight cheerfully and do my utmost as if the issue of the whole struggle depended on me alone."

The crisis we are facing today does not require of us the kind of sacrifice that Martin Treptow and so many thousands of others were called upon to make. It does require, however, our best effort and our willingness to believe in ourselves and to believe in our capacity to perform great deeds. To believe that together, with God's help, we can and will resolve the problems which now confront us. And after all, why shouldn't we believe that? We are Americans. God bless you.

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[1] Text from Weekly Compilation of Presidential Documents of Jan. 26, 1981. ■

Secretary-Designate Haig Appears Before Senate Foreign Relations Committee

Opening statement by Secretary-designate Alexander M. Haig, Jr., before the Senate Foreign Relations Committee on January 9, 1981.[1]

I am pleased to appear before this distinguished committee as the nominee of President-elect Ronald Reagan to be Secretary of State. I am prepared to answer any questions you may have concerning my qualifications for this office, my views on foreign policy, and my service to my country during the past three decades.

There could be no more critical time at which to assume the post of Secretary of State, and I am honored that the President-elect has chosen me as his designate. Over the past 200 years, the United States has stood as a beacon of liberty for the world. We have demonstrated that freedom and justice can thrive in a democratic society. We have, in this century, been often called to shed our blood for the nations of the free world; and in an ingenious and generous plan designed by a great Army general and Secretary of State, George C. Marshall, we helped, after the most devastating war in history, rebuild Europe and strengthen civilization.

Our record in this century is not perfect, but it should be a source of great pride. Our successes were founded on a firm commitment to our ideals combined with a sense of the realities of human nature and international politics. It is that combination that we must bring to bear in the decade ahead. If we do, I believe that America and its people will stand once again as an example for the peoples of the world and merit the highest judgment of history.

Our ideals must be reconciled with the reality we face. The United States must pursue its vision of justice in an imperfect and constantly changing world—full of peril but also full of opportunity. The world does not stand still for our elections, important as they are. Complex issues already crowd our foreign policy agenda. The earlier the Reagan Administration articulates its approach to these issues, the better served the nations of the world and the people of our own nation will be.

It would be premature here to set forth definitive policies or offer detailed programs. Both tasks require analysis and thoughtful consideration by the President-elect and his advisers. But President-elect Reagan and I firmly believe that American foreign policy should have some permanent bedrock. The United States has been most effective in the world arena when the solid foundations of its foreign policy have been recognized and understood—by our own people and by the nations with which we must deal.

• • • •

The Present Global Environment

Every generation views its own perils as unprecedented. Even so, there is now widespread agreement that the years immediately ahead will be unusually dangerous. Evidence of that danger is everywhere.

- In Europe, still the fulcrum of the East-West balance, Soviet military power once again casts an ominous shadow over the efforts of an East European people to assert fundamental freedoms of association and expression.
- In the Middle East, an uneasy peace continues to be punctuated by raid and reprisal, with each such sequence threatening renewed and wider conflict.
- At the head of the Persian Gulf, war between Iran and Iraq threatens the very lifeblood of many national economies. Iran itself, once a major force for regional stability, lurches from demonstration to demonstration in a state of near anarchy. Meanwhile, not far to the east, 85,000 Soviet troops brutalize Afghanistan in the first major post-World War II employment of Soviet troops outside the area the Soviets have heretofore considered their sphere of influence.
- In Asia, sworn enemies face one another along a 5,000-mile arc from Thailand to the Manchurian frontier. On the Korean Peninsula, only a fragile truce persists nearly 30 years after the formal cessation of Korean hostilities.
- In Africa, Southeast Asia, Central America, and the Caribbean, turmoil and violence stunt national development and invite terrorism from within and adventurism from without, as millions of human beings starve and thousands of new refugees seek shelter each day.

September 18–October 15
Deputy Director of Space Science and Technology division of the Chinese Academy of Sciences Ji Bo leads a delegation to the U.S. Delegation meets with NASA officials in Washington to discuss future institutional arrangements for the LANDSAT ground recieving station. The group also tours NASA's Goddard Space Flight Center in the Washington area, the L.B.J. Space Center in Houston, and the Jet Propulsion Laboratory in Los Angeles.

September 20–October 28
Vice Minister of Metallurgical Industry Zhang Fan leads a delegation to the U.S. at the invitation of Reynolds International Inc.; group tours Reynolds plants located throughout the U.S.

September 22–October 6
Governor Cliff Finch (Mississippi) leads forestry delegation to China.

September 30
Xinhua News Agency reports that the U.S. and China have decided to postpone the unblocking of Chinese assets to January 31, 1980.

October 1
First installment of $30 million is paid to U.S. by China under U.S.-China "claims-assets" agreement.

October 8–November 9
President of the China International Trust and Investment Corporation (CITIC) Rong Yiren visits U.S. to encourage U.S. equity investment in China.

October 10
Mayor Jim Conway (St. Louis) announces establishment of sister city ties with Nanjing.

October 15–27
National Committee for U.S.-China Relations sponsors a gubernatorial delegation to China; George Ariyoshi (Hawaii), Thomas Judge (Montana), Richard Lamm (Colorado), William Milliken (Michigan), Albert Quie (Minnesota), Robert Ray (Iowa), and Richard Snelling (Vermont) participate.

October 16
Gubernatorial delegation meets with Vice Minister of Foreign Affairs Han Nianlong, Vice Minister of Agriculture He Kang, and President of the China Council for the Promotion of International Trade Wang Yaoting.

October 17
U.S. District Judge Oliver Gasch rules that termination of the U.S.-Taiwan Mutual Defense Treaty requires the approval of either two-thirds of the Senate or a majority of both Houses of Congress.

Gubernatorial delegation meets with Vice Premier Deng; they discuss the Kampuchean refugee problem and China's economic modernization.

October 20–30
Governor Tom McCall (Oregon) leads an Oregon State trade delegation to China.

October 22–November 1
Minister of Foreign Trade Li Qiang visits U.S. to discuss the U.S.-China trade agreement and textile quotas. Minister Li holds meetings with Secretary of Commerce Kreps, Secretary of the Treasury William Miller, Secretary of Agriculture Robert Bergland, Export-Import Bank President John Moore, and leaders of the House and Senate.

October 23
President Carter sends the U.S.-China trade agreement to Congress and signs a proclamation establishing China's qualification for MFN treatment under the Jackson-Vanik amendment to the Trade Act of 1974.

October 31
U.S. announces expansion of the May 31 quotas to cover a total of seven categories of Chinese textile imports.

November 1–5
Governor James Hunt (North Carolina) leads tobacco delegation to China.

November 1–6
Mayor Jim Conway (St. Louis) leads delegation to China.

November 2
Sister city relations formally established between St. Louis and Nanjing.

November 5–December 7
Vice Minister Yuan Baohua leads State Economic Commission delegation to the U.S.

November 6
Vice Minister Yuan meets with Treasury Secretary Miller, Joint Economic Committee members, and Department of Transportation officials.

November 7
Vice Minister Yuan meets with Commerce Department officials and members of the Council of Economic Advisers.

November 8
Vice Minister Yuan meets with Deputy Under Secretary of Energy Robert Hanfling.

November 8–16
Assistant Secretary of State for Consular Affairs Barbara Watson visits China; inspects U.S. consular operations in Guangzhou and Beijing and discusses progress on negotiations for a bilateral consular convention.

November 14
Governor James Rhodes (Ohio) and Governor Han Ningfu (Hubei Province) establish sister state relations in Hubei.

November 15
Testimony before the Senate Finance Committee provokes disagreement among Senators over the granting of MFN status to China.

November 19–December 19
Director of the Ministry of Geology's Marine Division Tian Shao leads delegation of marine geologists to U.S.; group tours USGS facilities and visits east and west coast universities.

November 20
Ceremonies mark the formal opening of the Consulate General of the P.R.C. at Houston.

November 21–December 3
Chief Economist of the Department of Commerce Courtenay Slater leads U.S. statistical delegation to China.

November 26–December 9
Vice Minister of Textile Industry Hao Jianxiu and All China Youth Federation President Hu Qili lead delegation to U.S.; group meets with Assistant Secretary of State Richard Holbrooke, Congressman Al Ullman, and National Security Council staff member Michel Oskenberg in Washington, and with U.S. Ambassador to the U.N. Donald F. McHenry in New York.

and Nicaragua get one-third. For Jamaica, alumina and bauxite represent nearly three-fourths of the sales abroad.

Economic Development and Foreign Aid

The interaction between economic development in Latin America and foreign trade is complex. In the past, some of these countries have adopted highly protectionist strategies to encourage infant industry, but the policy has most often been self-defeating. The infant, without the winds of competition, could not seem to grow up. Chile and Argentina followed this strategy for many years. In the 1920s these countries' per capita product was equivalent to that of many European states. But by following this strategy their economies fell behind. The agricultural sector suffered. They have now abandoned these policies. Several other Latin American countries have sought to encourage new industry by requiring foreign investors to meet minimum local content and export criteria. The motivation behind these rules is understandable, but if all countries followed this pattern, the results would be frustrating. One country's local content requirement could block another's export requirements.

Markets would be fragmented not only for the United States but for the developing Latin American countries, and the results would be self-defeating for the countries that try these methods since they would be encouraging industry that does not know the discipline of competition.

U.S. and Canada

The intimate interaction between Canada and the U.S. economy presents different challenges. Most important, Canada is usually our largest single trading partner and the principal locus of U.S. foreign investment. In 1979 total U.S.-Canadian trade was about 3% of our gross national product but 27% of Canada's. Canada took 20% of our exports. Trade in both directions is especially heavy in machine and transportation equipment—about 27% of our exports and 26% of our imports. Trade in automobiles and parts is even more concentrated because of the U.S.-Canadian auto agreement.

The closeness of the two economies inevitably leads to contentious issues in the trade and investment fields. Canada has a population one-tenth of ours, though it is the second largest country in the world. The majority of its population lives within 60 miles of the U.S. border. The Canadians worry about our exports of fruits and vegetables, which get ripe in the United States before they do in Canada and which drive down Canadian prices before the items are picked. Canada is much concerned that its economy not be dominated by U.S. interests and, in 1974, instituted a foreign investment revenue agency to screen foreign investments and approve them when they are of "significant benefit" to Canada. We are concerned about possible trade and investment distortion resulting from the performance requirements by that agency. We make these concerns known to Canada in an effort to continue the favorable investment and trade climate so important to both our economies.

The 1979 Trade Act suggests that we take the links that bind our economy to that of our North American neighbors one step further and explore the prospect of setting up a North American free trade area. The Administration will make that study, but we should keep in mind that the prospect of such a free trade area does not seem the same from here as it does from the viewpoint of Canada or Mexico. Both of these countries have expressed serious reservations about the idea. Both are much smaller, they have a smaller industrial base and less rich agriculture. They are concerned that their economies not be overwhelmed by the much

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Trade With the Soviet Union

PRESIDENT'S LETTER TO SENATOR JACKSON, OCT. 25, 1980[1]

You wrote to ask my views about section 402 of the Trade Act of 1974, the Jackson-Vanik amendment.

From the beginning of my Presidency I emphasized our commitment as a nation to human rights as a fundamental tenet on which our foreign policy would be based. That commitment of mine is as deep and as important to me today as it was then.

You have always been a pioneer in the area of human rights and your leadership and support have been instrumental in our success. I am sure that the record will show that American words and actions in the last period have left their mark on the rest of the world. Because of our leadership the defense of human rights has its rightful place on the world agenda for everyone to see.

The Jackson-Vanik amendment, which you authored, represents an important statement of our nation's commitment to the free emigration of Soviet Jewry. As you well know, I, along with you, have been specifically concerned about Jewish emigration from the Soviet Union. The year before I became President, Jewish emigration was about 14,000. Last year it was up to 50,000—the highest level in more than 10 years. The lower rate this year in the wake of the Soviet invasion of Afghanistan is of great concern. We will continue to register our strong concern about this low level of emigration at the Review Conference on Security and Cooperation which will meet in Madrid next month. The Soviet Union has an obligation to honor its Helsinki commitment.

After the Afghanistan invasion, I took a number of steps, including the suspension of grain sales and the restriction of high-technology exports to the Soviet Union, to make quite clear to the Soviets that we cannot conduct business-as-usual with them while their troops are occupying another country.

With the Soviet troops still in Afghanistan and with unacceptable denials of free emigration, it is totally inappropriate to consider any changes to section 402 of the Trade Act of 1974, and I have no intention of doing so. Furthermore, I can assure you that the U.S. delegation under the leadership of Ambassadors Griffin Bell and Max Kampelman at the CSCE Conference in Madrid will take every opportunity to make clear to the Soviet Union that their record of emigration is a violation of the Helsinki accords.

I value your views on this subject and I look forward to working closely with you on these very vital issues.

Sincerely,

JIMMY CARTER

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[1] Text from Weekly Compilation of Presidential Documents of Nov. 3, 1980. ■

larger U.S. industrial and agricultural machine. Both are eager to develop their energy resources to the maximum from their own development point of view. They are reluctant to mortgage their energy supplies to one market. They feel that their energy endowments are among the most precious economic assets they have. Though they recognize that proximity means that we are likely to be the principal purchaser of whatever they eventually decide to export, they wish full freedom to decide their production, price, and export policy. They are both fiercely proud of their political independence. In these circumstances, I am dubious that a North American free trade area is likely to become a reality in the near future. We will continue to develop our trade relations but probably by other means.

Conclusion

Despite the problems I have mentioned, the outlook for expanding trade relations with other countries in this hemisphere is basically bright. We clearly face a challenge in adjusting to the more complex and sophisticated economies emerging in much of Latin America and in adapting to the great strains of the new world energy situation, but economic expansion in the region clearly presents opportunities for American exporters. In addition, one byproduct of greater economic strength in the Latin American countries should be a lessening of the political sensitivity that now affects many economic issues. Finally, I believe that our neighbors in this hemisphere share our view that trade and political relations among us must be strengthened in the interest of us all. ■

Energy: Continuing Crisis

by Deane R. Hinton

Address before the Mid-America Committee in Chicago on November 18, 1980. Mr. Hinton is Assistant Secretary for Economic and Business Affairs.

Generals are said to study warfare and often learn the wrong lessons. Politicians, businessmen, and even bureaucrats may also become adept at winning yesterday's battles, not tomorrow's.

But history still instructs. Being wedded to the past is a mistake, but the past teaches us as well—if only to avoid repeating errors. In this vein, I suggest that lessons from the two oil crises of the 1970s—the 1973–74 embargo and the 1979 interruption of supplies from Iran—if applied to the future, can prevent the current oil supply interruption from seriously damaging our own and the rest of the world's economies.

The current situation is serious, and the longer term crisis continues. We need to act in the short term due to the Iran-Iraq war and in the longer term due to the industrialized world's dependence on imported oil to supply its energy needs. Our efforts to combat these threats must be vigorous and informed by experience, often painfully acquired.

The Right Lessons

Our government, under both Democratic and Republican administrations, has learned the right lessons at times in the past. The 1973 oil embargo and the accompanying cut in production were shocks to the system. Both our economic well-being and our security were put at jeopardy. We analyzed the problem and saw that there were two components—a need to protect ourselves against short-term supply interruptions and a realization that energy price and supply had become a long-term problem requiring ongoing, concerted action in order to avoid continuing vulnerability.

The establishment of the International Energy Agency (IEA) in 1974 was a response to both. This was an instrument to protect us against future embargoes or other major supply interruptions and to help nations work together to reduce our dependence on imported oil through conservation and acceleration of the development of alternative supplies. We realized then that the energy problem had the potential to divide us from our principal economic partners and security allies. Accordingly, we designed the IEA as an energy collective security arrangement. Its centerpiece is an emergency oil-sharing system which can be triggered when needed. The trigger mechanism can be called into operation if the IEA, as a whole, is suffering a shortfall greater than 7%. In addition, any nation suffering a 7% shortfall can activate the system and call upon the other nations to make up continuing additional shortfalls beyond the 7% mark.

This sharing system has a number of strengths. It is capable of being implemented quickly and makes use of a previously agreed mechanism and formula. Triggering the system would give the United States and other IEA governments legal authority to implement strong domestic measures if necessary. Also, sharing would make oil available to hard-hit IEA countries and to oil-short companies in such countries, reducing the tendency to resort to the spot market where small quantities of petroleum products and crude oil are traded to clear the market, which is overwhelmingly dominated by long-term contracts. Price rises in the thin spot market create a psychology which encourages hikes in official prices—which consequently boost the overall oil bill.

The long-term lesson from 1973 was that the era of cheap and accessible energy had passed and that a continuing energy crisis was in train. Recognizing this, we embarked upon a vital journey, which is far from finished—a journey designed to improve our national approach to energy and to stimulate other countries to do the same. We have made much progress. At home, we are reducing our dependence on imported oil. For example, U.S. oil imports were below 7 million b/d [barrels per day] in the first 6 months of 1980 compared to 8.6 million b/d in 1977. In addition, increased energy efficiency has enabled us partially to decouple GNP growth from growth in oil consumption so our economy can expand without increasing our dependence on imports.

I won't review here the evolution and the vicissitudes of our national energy policy, but I think it can honestly be said that we have more than begun on the long road toward increasing our energy supplies and making better use of what we have. While we must concentrate first on putting our own house in order, we original premise that the war is unwinable in any ultimate sense is still valid. That fact, of course, should be an added incentive for encouraging the interested parties to reach a compromise settlement.

Status of U.S. Arms Sales to Morocco

I would like to end my remarks with a few comments on the status of U.S. arms deliveries to Morocco. With regard to the arms package which was approved earlier this year, consisting of 6 OV-10 reconnaissance aircraft, 20 F5-E fighter aircraft, and 24 helicopters, none of these items has yet been delivered to Morocco. There is some question whether the Moroccans are still interested in the purchase of the helicopters, and a delivery schedule is still pending. The first fighter aircraft deliveries should commence in mid-1982. Morocco has made a request for the sale of 108 M-60 tanks, and it is under review in the Department.

Conclusion

The western Sahara conflict is a complex issue in which our North African friends are themselves divided. It is our hope that the United States will continue its role of encouraging the interested parties to concentrate on the negotiating process itself and that out of the give and take which such a process involves, a compromise settlement will emerge.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Law of the Sea

by George H. Aldrich

Address before the National Association of Manufacturers in San Francisco on December 9, 1980. Mr. Aldrich is Acting Special Representative of the President for the Law of the Sea Conference.

In the course of my present assignment, I have met many Americans who are involved in one way or another with our mineral industry or are concerned about our future access to minerals. These have not all been the most friendly of encounters, despite the fact that I share many of these concerns. Often I find myself facing questions as to why we have permitted our future access to the mineral resources of the deep seabeds to become hostage to a U.N. Conference on the Law of the Sea. The clear implication of many of these questions and the comments that often accompany them is that our government, either through naivete or duplicity, is playing fast and loose with our economic security in order to curry favor with the Third World. While I am sure that none of you share any of these delusions, the purpose of my remarks today is to explain why they are delusions—just in case.

To understand the effort in which we are engaged in the Law of the Sea Conference and our goals with respect to deep seabed mining, it is necessary to review, at least briefly, both the history of the efforts since the Second World War to codify and develop the international law governing uses of the oceans and the legal problems and requirements of a pioneer industry facing up to the task of exploiting the mineral resources of one of the world's common areas, the seabeds beyond the limits of national jurisdiction. In a very real sense, it is the interaction of these two lines of development and their not easily compatible imperatives that defines our present struggle to obtain assured access to seabed resources as part of a comprehensive treaty on the law of the sea.

Historical Background

Postwar efforts to develop and codify the international law of the sea have resulted in three U.N. conferences. The first produced four conventions adopted in 1958—one concerning the high seas; another the Continental Shelf; a third, the territorial sea and contiguous zone; and the fourth, fishing and the conservation of the living resources of the high seas. The second U.N. conference failed, in 1960, to reach agreement on the major question before it—the maximum permissible breadth of the territorial sea. The third conference is now in its eighth year and, if successful, will establish a new and comprehensive legal regime for the oceans.

Let us pause a moment to consider why the nations of the world have needed three successive conferences and why, even after all this effort, success, although likely, is still in the future.

The 1958 conventions were designed in part to bring an end to "creeping jurisdiction," the steady expansion of claims by coastal states to exercise jurisdiction off their coasts. To be successful, they would have to have been generally accepted or at least complied with by most, if not all, coastal states, and they would have to have imposed limits on the breadth of the territorial sea and on the extent of the jurisdiction that could be exercised by coastal states. Unfortunately, they failed on all counts, and the years since 1958 have seen a steady growth of coastal state claims of sovereign rights, particularly over offshore resources.

The High Seas Convention, which was the most widely accepted of the four 1958 conventions, has only 56 states party to it, whereas there are 158 states participating in the third U.N. conference. Almost all of the major maritime powers became party to that convention, but most of the coastal states stayed out and led the fight for expanded jurisdiction.

For the United States, maritime freedoms have historically been more important than offshore resources. In the past 35 years, however, the United States has become increasingly aware of the importance of the natural resources off its coasts: first, of the oil and gas under the Continental Shelf and, more recently, of the coastal fisheries. Nevertheless, despite these increasing concerns with our offshore resources, the United States remained very much aware of its dependence on the unimpeded passage of ocean commerce and of its security needs for freedom of naval navigation and overflight throughout the oceans, including the transit of straits. Our increasing and unfortunate dependence on imports of foreign oil have reinforced these needs.

In the late 1960s, the United States joined with the Soviet Union and some other major maritime powers to promote renewed efforts by the United Nations to develop and codify the law of the sea in ways that would be universally accepted and would effectively bring to an end the rapid expansion of coastal state jurisdiction. Simultaneously, other voices in the United Nations were calling for internationalization of ocean space beyond national jurisdiction. These separate efforts resulted in the establishment, first, of a U.N. Seabed Committee and, subsequently, of the Third U.N. Conference on the Law of the Sea.

This third conference quickly decided that the convention it hoped to produce would be comprehensive—treating all aspects of the law of the oceans. Unlike the conventions of 1958, which divided the subject into discrete categories, the new law was to be a "package deal" dealing with navigation, resources, pollution, and international questions. While this made the negotiating task harder by requiring success on all fronts, it tended to insure that the results would be accepted universally. The coastal states would agree to the navigational protections and the limitation of territorial seas to 12 miles in breadth in return for the recognition by all other states of 200-mile economic zones; and all states would feel compelled to become parties in order to participate in the new international organization created to manage the resources of the deep seabeds, which were beyond the national jurisdiction and which had been declared by the U.N. General Assembly in December 1970, by unanimous resolution, to be "the common heritage of mankind." This is how the search began for the comprehensive "package deal."

Seabed Mining's Special Problems

Now, let us turn our attention to the special problems of resource recovery from an area beyond national jurisdiction and the alternatives available to us in dealing with such an area, which we may refer to as a part of the commons of the world—that is, those areas beyond the jurisdiction of any nation state available for the use of all.

These commons are: first, the oceans, including the bottom of the oceans—that is the seabeds—beyond the limit of national jurisdiction; second, outer space, above the limits of national jurisdiction (wherever that may be); and third, Antarctica, although one must note that some states have still preserved their territorial claims to parts of Antarctica under the Antarctic Treaty regime which has made it possible to continue scientific activity in Antarctica without resolving disputes over the legal status of that territory. These common areas, particularly the oceans and outer space, have been referred to as the "common heritage of mankind," but there is nothing magic in the name; it is their location beyond the jurisdiction of any nation that gives them their special characteristics.

There are, in my judgment, only two ways of treating these common areas for legal purposes: Either we can consider them available for national appropriation, like North and South America in the 15th to 18th centuries, and Africa in the 19th century, or we must consider them not available for national appropriation, like the high seas since at least the days of Hugo Grotius.

The United States, along with virtually all other states, has given consistent support to the second of these legal approaches during all the years since the end of the Second World War. We have done this, it is fair to say, because we were convinced that this was the better approach in our own interests and in the interests of world order and the avoidance of unnecessary conflict.

Difficulties in the use of the world's commons are likely to arise only when some states want to exploit some of the resources of these common areas. There has been exploitation of the living resources of the high seas for many years without major difficulty, although it has been found necessary to create a number of international organizations to coordinate conservation efforts such as the protection of marine mammals. Significant problems, however, arise wherever exclusivity of access to a particular site becomes necessary. By definition, an area beyond national jurisdiction is one to which no national authority can accord such exclusive rights. With respect to the resources of the seabeds, although in our view they are available, like fish, to all states on a first-come, first-served basis, as a practical, economic matter, that simply isn't good enough for seabed miners. Miners the world over and their bankers require an exclusive right to an ore body before investing in the recovery and processing of the ore. It seems clear that considerations of this type would force the deferral of mining activities in these seabed areas until exclusive access to particular sites could be accorded. I think it is self-evident that where exclusivity of access is essential in areas beyond national jurisdiction it can only be conferred by international agreement among at least most of the interested states.

This fundamental point may have been somewhat obscured by the congressional debates of recent years on seabed mining legislation; and there may be some, particularly in the Congress, who really believe that the enactment of the legislation in June of this year will result, without more, in a rush of investment and the early exploitation of deep seabed resources. Certainly the enactment of the legislation gave an important psychological boost to the fledgling industry, and we are hopeful it will encourage the continuation of further necessary research and development efforts. But I have seen nothing to indicate that this legislation—even when supplemented by similar and reciprocal legislation by other states with the greatest present interest in seabed mining—would provide a sufficient legal framework to permit the industry to move forward quickly to commercial production. This is not to suggest that commercial recovery of deep seabed mineral resources will never occur if an international regime capable of granting exclusive licenses is not created. Never is a long time. But it does seem almost certain to me that the failure to create such an international regime would long delay seabed mining, perhaps by a quarter century or more. If there is a substantial risk that this judgment is correct, then there should be no doubt about the urgent need for an acceptable international legal regime for the exploitation of deep seabed minerals.

Seabeds and the "Package Deal"

Since 1970, a key part of the search for the "package deal" in the Seabed Committee and in the conference itself has been the terribly complex effort to create a new international organization—the International Seabed Authority—to regulate access to seabed mineral re-

It has and will often be the case that the government acting as host to an international organization will not have diplomatic relations with some of the members of the organization. It is a commonplace that delegations of states members of the United Nations that do not enjoy diplomatic relations with the United States take part in U.N. meetings at its New York headquarters. Some of the very states that now argue against the applicability of section 37 chose to sever diplomatic relations with the United States in 1967 but never for a moment did they cease to send delegations to U.N. headquarters in New York.

Thus the severance of diplomatic relations among a few, or even many, of the members of an international organization cannot change the legal relationship between the host government and the organization. In fact, one of the principal purposes of a host agreement, such as that between Egypt and the World Health Organization, is to insure that the legal regime remains stable regardless of political winds affecting the character of intergovernmental relations.

There is no reason to believe that the Alexandria regional office cannot function in the absence of diplomatic relations between Egypt and most states of the region. And it is these states which have caused the very situation which they now invoke as a justification for removal of the office. If there be any problem, it is caused by their political decision to refrain from performance of their own obligation to the Organization, under article 50 of its constitution, to "supervise the activities of the regional office." But no legal or practical obstacle prevents them from sending delegations to Alexandria and performing that supervisory task. There is no legal or practical obstacle to the regional committee meeting in Alexandria or, as it frequently has, at other cities in the region. Only the political objectives of these states, which are extraneous to those of the Organization, stand in their way. In fact, they have created this difficult situation for reasons unrelated to any limitations on their actual ability to operate in Alexandria, or to any purpose of the World Health Organization.

Moreover, it is established international law reflected in Article 63 of the Vienna Convention on the Law of Treaties that severance of diplomatic relations does not affect treaty relations "except in so far as the existence of diplomatic or consular relations is indispensable for the application of the treaty." The absence of diplomatic relations between some states and a host government may make day-to-day dealing more cumbersome, but it can hardly be said that the existence of diplomatic relations is "indispensable" to the ongoing functioning of the Organization in the territory of the host.

Nor is a changed circumstance rationale for invalidating the agreement's notice provision applicable here. As our written statement establishes in some detail at pages 60 to 61, the doctrine of *rebus sic stantibus* has little relevance to treaties containing provision for termination upon relatively short notice, such as 2 years. The purpose of the doctrine is to provide an implied escape clause for treaties of indefinite or lengthy duration that do not otherwise establish a mechanism for revision or termination as circumstances change. Since section 37 of the 1951 host agreement is exactly such a mechanism, it must be followed if either party wants the office to relocate.

Furthermore, the doctrine of changed circumstances can only be invoked in the event of an unforeseeable change that "radically" transforms obligations under the treaty. For the reasons discussed in our written statement, these requirements cannot be established in the present case. As the Court well appreciates, the burden of establishing invalidity of a treaty obligation on these or any other grounds, must be on the party seeking to be excused from performance under the treaty. I respectfully suggest that it has not been established that the Organization can carry this burden. . . .

Summary of the argument in favor of the applicability of section 37.

I have concluded the presentation of the substantive sections of the submissions of the United States. I should now like to recapitulate in the most summary terms the essential elements of our position. . . .

First, the host agreement of 1951 between Egypt and the Organization is not solely a privileges and immunities agreement but is a typical headquarters agreement, imposing mutual obligations on the parties concerning the location, maintenance, and operation of a specific office in a specific place—that is, the Eastern Mediterranean Regional Office of the World Health Organization in Alexandria.

Second, the host agreement is the only international instrument defining the obligations of the parties with respect to that regional office. The historical evidence submitted to the Court has shown that from the outset the Organization and Egypt viewed the host agreement as the definitive expression of the decision to locate the office in Egypt. It has shown that, although for reasons of convenience the office was actually installed before the host agreement was concluded, the parties intended to express their long-term rights and obligations in the host agreement and through the host agreement alone.

Third, the host agreement does not make sense if it is interpreted as my colleagues from Syria, Kuwait, Tunisia, the United Arab Emirates, Iraq, and Jordan would wish, because its terms would not be effective.

Article 31 of the Vienna Convention on the Law of Treaties codifies the fundamental principle of general international law that treaties shall be interpreted in good faith. This paramount principle embraces the principle of effectiveness, which the Vienna convention encompasses in the following magisterial formula: "A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in light of its object and purpose."

In deciding this case, this Court must choose between two conflicting interpretations of the host agreement between Egypt and the Organization. One of the those interpretations would allow the parties to terminate the effectiveness of virtually all provisions of the agreement without observing the notice requirement of section 37. The other would give full effect to that requirement. One interpretation would allow either party to disrupt any orderly transition during removal of the office; the other interpretation would require that a prescribed transition period remain in effect.

In such circumstances, the International Law Commission has forthrightly stated which is the choice to be made. "Where a treaty is open to two interpretations, one of which does and the other does not enable the treaty to have appropriate effects, good faith and the object and purpose of the treaty demand that the former interpretation should be adopted."

It is incontestable that the object of the host agreement is the regional office in Alexandria. The purpose of this treaty is to set out the terms by which Egypt and the Organization agreed to establish, maintain, and regulate the Office.

Any interpretation of the agreement which would allow the object and purpose of the treaty to be vitiated without regard to the 2-year transition period specified by section 37 renders section 37 illusory. Since there is nothing in the language or history of the host agreement to suggest that the parties intended such a result, it must be presumed that they intended the contrary—that is, intended section 37 of the treaty to be effective.

It must be borne in mind that removal of a major regional office of a large international organization is not a minor matter. The cost of moving reaches the millions of dollars. Removal of the office would remove several additional millions from the economy of the host state. It simply does not make sense to conclude that the parties to the host agreement could have intended that the same language which provides for a 2-year notice period to deal with unresolved differences over privileges and immunities would simultaneously allow the object of the agreement to be removed, at a large cost, without notice at all.

International organizations and host states have generally undertaken, by agreement, to provide for the orderly disestablishment of any headquarters which is removed from a host state. The terms of the host agreement of 25 March 1951, its history, and the applicable principles of treaty interpretation all indicate that the host agreement of 25 March 1951 is such an agreement.

Finally, I would like to make one last point. It is important to note that interpreting this agreement as its language and history indicate that it should be interpreted—to apply to removal of the office—imposes no extraordinary burden on the parties to the agreement.

Simply as a practical matter, removal of an office is not something that can be successfully accomplished overnight. It took a year for the Organization's working group merely to study the question. It could easily take as long or longer for the actual move to be accomplished.

It is believed that the only legal obligations imposed by section 37 are those discussed in the written statement of the United States. Namely, the parties would have to keep the existing legal regime in effect for 2 years; they would have to negotiate in good faith for the gradual disestablishment of the office over the 2-year period. These are not onerous burdens. They are, in fact, probably nothing more than what would, as a practical matter, in any event be required in order to secure an orderly removal of the office. This fact apparently is recognized by our distinguished colleagues from the Syrian Arab Republic, whose written statement contains the following sentence concerning transfer of the regional office.

> Of course, for reasons of expediency and convenience and once the decision to transfer the Office is taken, the provisions of the Agreement . . . can continue to be applied until a date to be agreed between the two parties for its termination. (p. 69.)

Where, it is submitted, this statement misses the mark is in its failure to appreciate that the parties have already arranged for these provisions to continue until an agreed date, and that date is 2 years from the official notification of the decision to move the office. Why does it surprise our colleagues from Syria that Egypt and the Organization could have perceived in 1951, as Syria perceives in 1980, that when a regional office is moved, expediency and convenience require continuation of the existing legal regime for a period of time? It is not difficult to see that Egypt and the Organization assumed, in 1951, that it was in the interest of both to provide for binding legal obligations which would assure an orderly removal of the office, rather than to leave such an important matter to whatever goodwill the parties might summon in the midst of the tensions which undoubtedly surround any unilateral removal.

There is no question that an abrupt and arbitrary removal of the regional office from Egypt would work hardship on Egypt and, therefore, serve the political purpose of those states which press for removal. I submit, however, that it has been demonstrated to the Court that it was just this type of hardship—the precipitous removal of an office without time to prepare for cushioning its effects—that the Organi-

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MR. SCHWEBEL ELECTED A JUDGE OF THE ICJ

On January 15, 1981, Stephen M. Schwebel, Deputy Legal Adviser of the Department of State, was elected a judge of the International Court of Justice by the U.N. General Assembly and Security Council. He succeeds the late Judge Richard R. Baxter.

Mr. Schwebel has served since 1977 as a member of the U.N. International Law Commission, the U.N.'s principal treaty drafting body on which the large majority of the Court's current judges sat prior to their election to the Court. At 51 years of age, he is the youngest U.S. national ever elected to the Court.

Mr. Schwebel has been U.S. counsel in two recent cases before the ICJ. He played a leading role in the U.S. decision to take the case of the American hostages in Iran to the Court and participated in the oral argument of it. In October 1980, he presented the U.S. argument to the Court in advisory proceedings brought by the World Health Organization in response to efforts by anti-Camp David Arab states to require WHO peremptorily to remove its regional office from Alexandria, Egypt.

Deputy Legal Adviser of the State Department since 1974, Mr. Schwebel has also served as the Department's Counselor on International Law (1973-74) and Assistant Legal Adviser for United Nations Affairs (1961-66). He was Executive Director of the American Society of International Law (1967-73). Since 1967 he has been professor of international law at the School of Advanced International Studies of The Johns Hopkins University, serving as Edward B. Burling Professor of International Law and Organization since 1973. Mr. Schwebel was assistant professor of law at Harvard Law School (1959-61) and has been a visiting faculty member at Cambridge University, the Australian National University, and The Hague Academy of International Law. He is the author of two books and some 60 articles in the field of international law.

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Recent American foreign policy has suffered from the misperception which lumps together nations as diverse as Brazil and Libya, Indonesia and South Yemen, Cuba and Kuwait; and which has too frequently produced attempts to cut the national pattern to fit the foreign policy cloth. This failure to tailor policy to the individual circumstances of developing nations has frequently aggravated the very internal stresses which Western policy should seek instead to diminish. Our difficulties in this regard have hardly been lessened by our propensity to apply to these emerging states Western standards which resolutely ignore vast differences in their social cultures, political development, economic vitality, and internal and external security.

These fundamental problems—the diffusion of power, the interdependence of the allied community, and the failure to recognize the variety among the so-called Third World nations—are made the more intractable by what is perhaps the central strategic phenomenon of the post-World War II era: the transformation of Soviet military power from a continental and largely defensive land army to a global offensive army, navy, and air force fully capable of supporting an imperial foreign policy. Considered in conjunction with the episodic nature of the West's military response, this tremendous accumulation of armed might has produced perhaps the most complete reversal of global power relationships ever seen in a period of relative peace. Today the threat of Soviet military intervention colors attempts to achieve international civility. Unchecked, the growth of Soviet military power must eventually paralyze Western policy altogether.

These, then, are fundamental problems which challenge American foreign policy and the future of the democracies generally. To say that is not to diminish the importance of other Western goals—the eradication of hunger, poverty, and disease; the expansion of the free flow of people, goods, and ideas; the spread of social justice; and through these and similar efforts, the improvement of the human condition. It is simply to recognize that these desirable and critical objectives are impossible to achieve in an international environment dominated by violence, terrorism, and threat.

The United States has a clear choice. We can continue, if we wish, to react to events as they occur—serially, unselectively, and, increasingly in the final analysis, unilaterally. One lesson of Afghanistan is certainly that few symptomatic crises are capable of effectively rallying the collective energies of the free world. We may wish it were otherwise, but wishing will not make it so.

Alternatively, we can confront the fundamental issues I have discussed. We can seek actively to shape events and, in the process, attempt to forge consensus among like-minded peoples. Such a consensus will enable us to deal with the more fundamental tasks I have outlined—the management of Soviet power; the reestablishment of an orderly international economic climate; the economic and political maturation of developing nations to the benefit of their peoples; and the achievement of a reasonable standard of international civility. Acting alone, each of these tasks is beyond even our power; acting together, all are within the capacity of free nations.

I do not mean to belittle the difficulties. They are formidable. But our collective capacity to meet them is also formidable. The challenge of American foreign policy in the 1980s is to marshal that capacity.

America's Challenges for the 1980s

If we are to succeed in this effort, the conduct of American foreign policy must be characterized above all by three qualities.

First, we must act with consistency. Specific issues may furnish the occasion for action, but they cannot constitute the sole basis for policy. Once we accept that the specific issues facing us today are merely surface manifestations of more fundamental problems, it must also be clear that effective policy cannot be created anew daily, informed solely by the immediate need. To do so risks misperception by our adversaries, loss of confidence by our allies, and confusion among our own people. U.S. policy has been most effective—in Europe and the Middle East, for example—where consistent U.S. interests have been consistently pursued.

Second, we must behave reliably. American power and prestige should not be lightly committed; but once made, a commitment must be honored. Our friends cannot be expected to share in the burdens and risks of collective action if they cannot count on the word of the United States. Our adversaries cannot be expected to exercise prudence if they perceive our resolve to be hostage to the exigencies of the moment. Those whose posture toward us remains to be determined cannot be expected to decide in favor of friendship if they cannot confidently assess the benefits of association with us. To be perceived as unreliable is, therefore, to become virtually irrelevant as an influence for stability and peace and to leave the international arena to the mercy of those who do not share our commitment to either.

Finally, and in some ways most important, American foreign policy must demonstrate balance, both in our approach to individual issues and in the orchestration of policy generally. By balance, I mean recognizing that complex issues invariably require us to weigh, and somehow reconcile, a variety of pressures, often competing.

- I believe that equitable and verifiable arms control contributes to security. But restraint in the growth and proliferation of armaments will not be achieved by policies which increase the very insecurities that promote arms competition.
- Domestic economic stability will not be enhanced by the establishment of short-sighted, economic barriers which undermine the multilateral cooperation essential to the prosperity of all.
- The assurance of basic human liberties will not be improved by replacing friendly governments which incompletely satisfy our standards of democracy with hostile ones which are even less benign.
- And our commitment to peace will not be furthered by abdicating the right to exercise military power to only the most ruthless members of the international community.

Balance must also be struck in the orchestration of policy generally: in our selection of the issues we choose to address; in the priority we accord them; and in understanding the relationship of individual issues, one to another, and each to our broad policy objectives. This form of balance has become known as linkage, and the President-elect has publicly stated his commitment to it.

No mystical profession of faith is involved here. In a system ever more interdependent in every sense, issues and the policies which attempt to deal with them are linked, whatever our preferences. That does not mean that every negotiation must be a prisoner of the daily headlines; it does mean that specific relationships cannot be established in isolation from the climate in which they must be maintained.

Establishing a Foreign Policy Consensus

Consistency, reliability, balance. These three attributes are essential, not because they guarantee a successful foreign policy—nothing can do that—but because their absence guarantees an unsuccessful one. Unfortunately, as De Tocqueville pointed out long ago, these are precisely the qualities which a democracy finds most difficult to muster. This inherent difficulty has been complicated in the past decade by the breakdown of foreign policy bipartisanship and by the development of unnecessary division between Congress and the executive branch, and among the executive departments themselves.

Our urgent task is to reestablish an effective foreign policy consensus. To do so, I believe three conditions must be met.

First, the constitutional and traditional responsibility of the President for the conduct of foreign affairs must be reaffirmed. The U.S. Government must speak to other nations with a single voice. To say that is in no sense to argue for curtailing discussion or debate. On the contrary, I believe both are essential. But the authoritative voice must be the President's. The President needs a single individual to serve as the general manager of American diplomacy. President-elect Reagan believes that the Secretary of State should play this role. As Secretary of State, I would function as a member of the President's team but one with clear responsibility for formulating and conducting foreign policy and for explaining it to the Congress, the public, and the world at large. The Assistant to the President for National Security Affairs would fill a staff role for the President.

Second, an effective partnership must be restored with the Congress. By partnership, I do not mean occasional retrospective reporting. I mean active consultation, exchange of ideas and proposals in a timely manner, in an atmosphere of mutual respect, trust, and confidence, recognizing the special role of the Senate. The Congress can hardly be expected to allow the President the discretion he requires unless it is comfortable with the purposes toward which, and limits within which, that discretion will be exercised. The Constitution demands it, and good sense urges it. In turn, Congress must do its part. In a partnership, both sides must behave responsibly.

Finally, the most consistent articulation of policy is wasted if the professionals who must execute it are divorced from its formulation and if their experience and skill are usurped in the name of confidentiality, haste, or political sensitivity. The career personnel of the State Department and the Foreign Service are an unmatched intellectual resource, and they will be around long after the President and the Secretary of State are gone. If the United States is to act consistently and reliably in the world arena, it must use its career professionals. Their effective participation in policymaking is imperative.

I have outlined what I consider to be the essential challenges, qualities, and requirements of a sound American foreign policy. In closing, let me speak to our resources, which are considerable.

Although we have economic problems, we still possess the largest and strongest economy on Earth. It is within our power to revitalize our productive base, maintain and expand our agricultural strength, regain commercial competitiveness, and reduce our dependency on foreign sources of energy and other raw materials. No American foreign policy can succeed from a base of economic weakness.

Our alliances enable us to draw on the strengths and the wisdom of some of the world's greatest nations. Yet our alliances must be tended and adapted to new problems not visualized by their creators. In the process, we must bear in mind that the essence of any alliance is its core of shared commitment and endeavor. In the 1980s, we should not let ourselves become preoccupied with debates over who is doing more; the challenges we face will require more from all of us.

We possess a full range of the instruments of effective statecraft: a diplomatic corps second to none; economic and military assistance programs; a variety of sophisticated cultural and informational resources; and, of course, military power which no potential adversary can afford to ignore. These instruments provide the United States with unrivaled capacity to influence the course of international events. Their maintenance or neglect will declare American intentions far more clearly than any rhetoric.

But I believe our greatest strength is the strength of our values and political institutions. These have been tested in recent years. But they have survived. As we survey the world, reflect on its problems, and recognize its dangers, we must accept the fact that, like it or not, we are a nation of trustees—trustees for the values of freedom and justice that have inspired mankind for thousands of years. ■

November 26–28
U.S. statistical delegation holds talks with the Chinese State Statistical Bureau (SSB) on bilateral statistical cooperation and Chinese statistical methodology.

**November 28–
December 5**
National Committee for U.S.-China Relations sponsors city planners' delegation to China; meets with a broad range of municipal officials in Beijing, Guangzhou, Nanjing, Shanghai, and Suzhou.

**November 29–
December 17**
U.S. National Oceanic and Atmospheric Administration marine sedimentation delegation visits China; tours Chinese State Bureau of Oceanography Institutions.

**November 29–
December 30**
Vice Minister of the Fourth Ministry of Machine Building Li Rui heads telecommunications delegation to U.S. at the invitation of Honeywell Information Systems.

November 30
U.S. Court of Appeals overturns the District Court decision of October 17 and rules that President Carter is constitutionally empowered to give notice of termination under the U.S.-Taiwan Mutual Defense Treaty without congressional action.

December 13
Ceremonies mark the formal opening of the Consulate General of the P.R.C. at San Francisco.

December 14
U.S. Supreme Court upholds the November 30 decision of the Court of Appeals on the U.S.-Taiwan Mutual Defense Treaty.

**December 29–
January 1**
Chinese Academy of Medical Sciences President Huang Jiasi leads delegation to U.S.; group visits the California Academy of Sciences in San Francisco, the University of California at Berkeley, Stanford University, and Hewlett-Packard Company.

December 31
U.S. Mutual Defense Treaty with Taiwan expires.

1980

January 2
U.S. announces new arms sales to Taiwan. Chinese Government immediately protests, arguing that such sales and deliveries are contrary to the joint communique on Sino-American normalization.

January 5–13
Defense Secretary Harold Brown visits China; meets with Premier Hua, Vice Premier Deng, Minister of Foreign Affairs Huang, Vice Premier Geng Biao, and Minister of Defense Xu Xiangqian. Secretary Brown affirms that "increased cooperation between China and the U.S. is a needed element in the maintenance of global tranquility." Secretary Brown's visit results in liberalization of controls on exports of U.S. high technology items, authorization on a case-by-case basis for sales of nonlethal military support equipment to China, and plans for regular consultations between the U.S. and China on Southwest Asian developments and other broad international issues (institutionalized in spring 1980 so as to take place several times yearly).

January 16–19
Representative Lester Wolff (New York), Chairman of the House Subcommittee on Asian-Pacific Affairs, leads congressional delegation to China; meets with Vice Premier Ji Pengfei.

January 17–23
Senator David Boren (Oklahoma) leads delegation of the Senate Agriculture Committee to China; meets with agriculture and trade officials to discuss trade possibilities.

**January 19–
February 2**
Deputy Assistant Secretary of State for Consular Affairs Hume Horan and Deputy Director of the Consular Affairs Division of the Ministry of Foreign Affairs Nie Gongcheng cochair negotiations on the U.S.-China consular convention in Beijing.

January 20–24
U.S. delegation, led by the President's science adviser Frank Press, travels to China to attend first meeting of the Sino-U.S. Joint Commission on Cooperation in Science and Technology (Jan. 22–24); meeting is cochaired by Press and Vice Premier Fang Yi. Press signs an accord providing for the establishment of a LANDSAT satellite ground-receiving station in China, as well as protocols for cooperation in earth sciences and earthquake studies, and concludes a memorandum of understanding for cooperation between the National Science Foundation and the Chinese Academy of Science. Both sides judge the meeting a "complete success."

January 24
U.S. Department of Defense formally announces that U.S. will consider issuing licenses for export to China of military support equipment (but not weapons) selected from the Munitions Control List.

U.S.-China trade agreement, granting MFN tariff status to China, passes by a 294 to 88 vote in the House and by 74 to 8 in the Senate.

January 31
U.S. Treasury Department releases Chinese assets frozen since the Korean war (worth an estimated $80.5 million).

February 1
U.S.-China trade agreement takes effect; provides for MFN treatment for China; the establishment of business and trade offices; reciprocal and equivalent protection of patents, trademarks and copyrights; and consultations on bilateral trade problems.

February 2–6
Environmental Protection Agency (EPA) Administrator Douglas Costel leads delegation to China; meets with Director of China's Office of Environmental Protection Li Chaobo to discuss cooperation in the field of environmental protection.

February 4–9
U.S. Chamber of Commerce President Richard Lesher leads delegation to China; meets with Vice Premier Kang Shien.

February 5
Sister city relations established between San Francisco and Shanghai.

EPA and the Office of the Environmental Protection Leading Group of the State Council of China sign protocol for cooperation in the field of environmental protection.

**February 8–
March 24**
Deputy Director of the China Research Institute of Aeronautics Liu Zhenghui leads delegation to U.S.; group tours

General Electric in Cincinnati, Honeywell Corporation in Fort Washington, and NASA's Lewis Research center in Cleveland.

February 23–
March 4
Mayor Edward Koch (New York City) leads delegation to China.

February 28
Sister city relations established between New York and Beijing.

February 29
Senior officials from four U.S. Government hydroelectric power administrations and representatives from the Agency for International Development (AID) arrive in Beijing to attend the first official meeting on cooperation in hydroelectric power and related water resource management between the U.S. and China.

March 13–23
Vice Minister of Foreign Affairs Zhang Wenjin visits U.S. for consultations; talks initiate a dialogue on foreign policy matters at the senior foreign ministry level. In Washington, Zhang consults with Secretary of State Vance, Deputy Secretary of State Warren Christopher, Assistant Secretary for East Asian and Pacific Affairs Richard Holbrooke, and other senior officials on the Afghanistan issue and other matters of international concern. Vice Minister Zhang also meets with U.S. Trade Representative Reubin Askew.

March 18
Vice Minister Zhang calls on National Security Adviser Zbigniew Brzezinski in Washington.

March 19
Vice Minister Zhang meets with Vice President Mondale to discuss U.S.-China relations and international issues.

March 24
U.S. Department of Labor delegation meets with Director of China's State Labor Bureau Kang Yonghe.

March 25
Department of State issues Munitions Control Letter No. 81 specifying the categories of military support equipment eligible for sale to China.

March 31–
April 3
Assistant Secretary of Commerce for Maritime Affairs Samuel Nemirow and Director of the Foreign Affairs Bureau of the Ministry of Communications Dong Huamin cochair second round of the U.S.-China maritime negotiations in Beijing. Substantial progress is made, but final agreement is not achieved.

April 2
President Carter signs a determination authorizing Export-Import Bank financing of exports to China.

April 2–
May 12
Vice Minister Mao Lin, Managing Director of Jiangxi Copper Company, leads a company delegation to U.S.; group meets with officers of Fluor Mining and Metals, Inc. to review progress of phase I of the Dexing copper project.

April 4–12
Representative Jonathan Bingham (New York) leads delegation of the International Economic Policy and Trade Subcommittee of the House Foreign Affairs Committee to China.

April 4–25
Governor of Hubei Province Han Ningfu leads economic study group to Ohio at the invitation of Governor James Rhodes.

April 10
Representative Bingham and his delegation meet with Vice Premier Gu Mu.

April 11
Representative Bingham and his delegation meet with Director of the General Bureau of Taxation Liu Zhicheng and Foreign Investment Commission Vice Chairman Wang Daohan on the issues of taxation and joint ventures.

April 15–21
Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Boyd Hight and Deputy Director of the International Affairs division of the Civil Aviation Administration of China (CAAC) Li Shufan lead the first round of civil aviation negotiations in Beijing; U.S. and Chinese teams begin discussion with fundamentally different positions.

April 17
Chinese Academy of Sciences delegation leaves Beijing for the annual meeting of the U.S. National Academy of Sciences in Washington; discussions are to be held on academic exchanges and cooperation programs.

April 20–
May 3
U.S. National Telecommunications and Information Administration (NTIA) delegation, led by Director Henry Geller, visits China; meets with Ministry of Posts and Telecommunications officials.

April 24–
May 18
Minister of Forestry Luo Yuchuan visits U.S.

April 25
U.S. Department of Commerce establishes a new category (category "P") for China under the U.S. commodity control export regulations.

April 28
U.S. Consulate General is officially inaugurated at Shanghai.

April 28–
May 14
Chief U.S. Textile Negotiator H. Reiter Webb and General Manager of China National Textiles Import-Export Corporation Wang Mingjun lead U.S.-China textile negotiations in Beijing; negotiations conclude without agreement.

April 28–
May 28
Bank of China President Li Baohua leads delegation to U.S.; group meets with Chairman of the Federal Reserve Board Paul Volker and Treasury Secretary Miller in Washington; tours New York, Houston, and San Francisco.

May 5–
June 18
Deputy Chief of Staff of the People's Liberation Army (PLA) Liu Huaqing leads delegation to U.S. at the invitation of Secretary of Defense Brown; group discusses technology transfers with Department of Defense officials, tours IBM, AM General, General Motors, and Honeywell and visits several military installations, including NORAD.

May 10–
June 30
Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director of the International Affairs division of the Civil Aviation Administration of China (CAAC) Li Shufan lead the second round of civil aviation negotiations in Washington.

also must continue to cooperate actively in pursuit of these same goals with our allies in the IEA and at the annual economic summits of the industrial democracies.

The Second Crisis

After the shocks of 1973 and 1974, we were making headway throughout the mid- and late-1970s. IEA efforts and our national policies were moving in the same, positive direction, although we were slower in starting than our IEA counterparts.

Unfortunately, in 1979, Iranian supplies were interrupted, and we were taught another lesson. This was a clear example of vulnerability to attack from an unexpected direction. The IEA system was designed to meet a recurrence of the 1973 experience—a major shortfall (above 7%) or an embargo. But history did not repeat itself. The interruption in 1979 was considerably less than 7%. We did not have an IEA mechanism on the shelf to deal with it.

We soon learned a painful lesson that even a small interruption, under conditions of uncertainty, could have devastating economic consequences. Although the decline in Iranian production was only 4% of world production, market dislocations and price increases buffeted a world economy which had still not fully recovered from the 1973 oil price shock. These blows helped push the United States into recession and slowed economic growth in the other industrial nations. In the United States our total inflation grew to double digits. For the industrialized nations as a whole, it is estimated that the price hikes of 1979 will ultimately cause a loss of about $300 billion in GNP. And the fragile economies of the developing nations have been scarred even more severely by these higher oil prices.

The IEA developed a response to the 1979 crisis. Its members made a commitment—albeit a loose one—to reduce the group's demand for imported oil by 2 million b/d. Each nation's share of the reduction, as well as the time within which action had to be taken, was unspecified. Although significant savings of about 1.5 million b/d, or 6% of 1978 IEA imports, were achieved by the end of 1979, this was too late to forestall sharp price increases. IEA governments, focusing on the modest quantity of the shortfall, had underestimated the psychological impact of the crisis on the market. Midway through the year the United States came to the conclusion that the IEA response to the 1979 crisis was inadequate.

Another Lesson: The Need for Better Tools

The United States, therefore, took the lead in giving the IEA and the world community better tools to meet a shortfall. The most important of these is national ceilings on oil imports. At the Tokyo summit in June 1979, the seven largest industrial democracies adopted 1985 oil-import targets. The IEA subsequently refined and expanded these into national import ceilings for 1980 and national import goals for 1985 for all its members. This process has been institutionalized by the establishment of a system within the IEA in which ceilings would be imposed to counteract a market shortfall. Each nation would be responsible for determining the measures necessary to achieve its ceiling.

Thus, we are not without resources to face supply interruptions. In fact, our experience in the IEA has expanded our options beyond those which I have discussed. And we have established practices of consultation and cooperation which will permit us to tailor our responses directly to any concrete situation.

Dimensions of the Present Situation

In this way, we have refined, through chastening experience, our abilities to deal with oil-supply interruptions. Now we are faced with another novel and threatening situation—the Iran-Iraq war. The energy effects of war between the two oil producers are serious, although they have been manageable thus far. The war has taken 3.8 million b/d of oil exports off the world market, over 8% of oil produced in non-Communist countries. Since world consumption has declined, we can simply do without some of this oil—about 1 million b/d of it. Another 1–1.5 million b/d can be made up through increased production from the Saudis and other OPEC [Organization of Petroleum Exporting Countries] nations. This leaves a shortfall of over 1 million b/d, which is now being met by drawdowns of above normal stocks in some nations and by some belt tightening in nations without adequate stocks.

The extent of any possible continuing shortfall will depend on a number of factors, including how much additional supply is made available by other OPEC nations, whether companies and individuals begin to hoard oil supplies and whether the war expands to other nations or interferes with gulf shipping.

Since world stocks are at an all-time high, we should, in principle, be able to manage the current shortfall for at least the next 6 months. However, there are complicating factors. The current shortfall is not distributed evenly among countries and companies. The United States lost a very small percentage of its oil. Some IEA members—Italy and Japan—lost 15% and 8% respectively, while others—Turkey and Portugal—were hit more severely. France lost 30%, and Brazil and India have been cut by more than 40% each. In addition, many developing nations depended on Iraq for most of their oil and received it at much needed concessional terms.

Even in countries which have lost little overall, certain companies have suffered substantial losses. This means that even though world stocks are high, some nations and companies are hurting now, and others will be in the [illegible] future. If they are unable to secure adequate supplies elsewhere, they may turn to the spot market to make up their shortfall.

If they do so, spot market prices will increase, perhaps rapidly. OPEC ministers who meet in Bali on December 15 will be very attentive to price trends on the spot market. If history repeats itself, official price increases would follow and be reflected in long-term contracts for 1981 which will be negotiated next month. Some producers, in response to rising spot prices, may also impose surcharges on their official prices. Because of this price effect of a shortfall, all buyers would suffer. Even countries which lost few supplies—such as the United States—would bear a heavy burden.

In trying to plot our course of action during the next months, we must begin with a premise: It is unacceptable to permit oil prices to skyrocket as they did in 1979. Several key elements in the 1979 price escalator must be attacked—the leading role of spot prices, excess stock building, and fear of uncertainty in oil markets. If we focus on these factors and have learned our lessons well, we can defend ourselves adequately against another body blow to the world's economy.

Peace Efforts and IEA Cooperation

The first step is to reduce war-linked uncertainty in the oil market by encouraging those forces working for peace between Iraq and Iran.

- We are actively working through the U.N. Security Council toward a resolution of the conflict which does justice to the legitimate concerns on both sides and follows the principles of international law.

- The U.S. position from the beginning of this conflict has been clear. We are impartial but not uninterested. The political, economic, and human consequences of a continuing conflict are of vital importance to us and the rest of the world.
- We are concerned that the conflict not be expanded and have taken steps to prevent that. We believe, strongly, that there must be no infringement of the internationally recognized freedom and safety of navigation in the Persian Gulf and welcome assurances given by both Iran and Iraq in this regard.
- We believe, as well, that countries should be protected against interference in their internal affairs and that international disputes should be settled by peaceful means rather than by force.

Beyond peace efforts, our principal aim is to keep the world supplied with oil in a way that reduces pressure on oil prices. On the supply side, certain gulf countries such as Saudi Arabia, Kuwait, and the U.A.E. [United Arab Emirates] have increased production to try to make up some of the shortfall suffered by customers of Iraq. Exports may also increase from nations such as Nigeria, which were producing at less than normal levels due to slack demand. The most we can hope for [illegible] these countries is an extra 1–2 million b/d, with the lower end of the range more likely.

On the demand side, we are cooperating with the 20 other industrialized nations which are members of the IEA and with France to calm the market. There are two related aspects to this effort. First, we can ease spot market pressure by using existing stocks. Second, we have to reduce overall demand for imported oil to compensate for reduced supply.

IEA nations agreed on October 1 to avoid abnormal purchases on the spot market and to meet any shortfall through stock draws. This has had a useful effect thus far. The IEA policy is based on consultation [illegible] persuasion, and we are depending in the last instance on the cooperation of oil companies. We must recognize that companies may become reluctant to draw down stocks even at normal rates if they foresee a continuing shortfall. If this proves to be the case, the buffer of high stocks, lacking in 1979, but which has furnished a cushion for us in 1980, will comfort us less and less in the future.

What we do further depends on our and the market's continuing assessment of prospects for resumption of something approaching normal levels of production from Iraq and Iran. This requires judgments about the length of the war and the likely pace at which their exports could be restored to more normal levels. Based on the limited information available, damage to oil production and export facilities in both countries, to date, is not excessive, and exports will be likely to rise, to some extent, soon after hostilities cease. It may be some months, however, before exports would approach prewar levels. Any new or, as yet, unreported damage to oil facilities could extend this period, as would any difficulties in organizing repair efforts.

What Should Be Done Now?

While we cannot foresee the outcome of the conflict, we can act to mitigate its effect. We will be continuing discussions with our friends and allies in the next few weeks and will concert our responses to the oil markets in light of the situation in the Middle East. The adoption of import ceilings, activation of the sharing system, or other responses could require strong domestic measures. To handle short-term emergencies, nations have proposed measures such as fuel switching, emergency taxes or tariffs, temperature control standards, leaving cars home one day a week, and others. In 1979, we relied on fuel switching, temperature controls, and increasing production, where possible. We might need some additional mechanisms in 1981.

Whether any of these actions is ever used, the point remains: In order to reduce short-term price pressure, we need to reduce demand for oil. The choice is quite simple. We can cut back a bit now or risk paying the price. In this case, the price could be $30–$90 billion additional per year for our oil, resulting in reduction of growth, higher inflation, and diminution of our strength and international position. This was the real choice facing IEA countries in 1979, though we did not know it at the time.

Better Mechanisms and Expanded Supplies

We still need to learn, for the next time. The public needs to understand that the energy problem is not going to go away. We need to act consciously to manage it. We need to have popularly supported mechanisms to minimize upward price pressure during short-term interruptions and, for the longer term, to reduce more rapidly the dependence of the United States and other nations on imported oil and speed the transition to other energy sources. We need to spur production.

Some of these mechanisms we can adopt ourselves; others require cooperation from other industrialized nations as well as the producing nations. Short-term demand restraint possibilities have already been mentioned. Longer term measures to increase available supply include increasing production from domestic energy resources—coal, oil, gas, and nuclear; hastening the development and commercialization of new energy technologies—solar, biomass, shale oil, liquids, and gas from coal; emphasizing conservation and efficiency; and expanding cogeneration of heat and power.

Considerable effort should be devoted to expanding secure energy supplies. We are taking the lead ourselves in coal. We are in the early stages of a substantial long-term coal export strategy by which we will increase our economic strength and also help our energy-deficient trading partners by providing them with reliable long-term energy supplies.

Other nations with abundant energy resources should respond to the needs of their friends and the world economy. Under foreseeable circumstances, it pays no nation to limit energy production for short-term national interests. This prescription applies across the board, since the political and economic security of every nation would be threatened by a chaotic and crippled energy-short world economy.

In our relations with key OPEC nations, we have emphasized their stake in a sound world economy and the importance of adequate, reasonably priced oil supplies to world economic health. Some nations, particularly those of the Arabian Peninsula, see the merits of a long-term perspective and are producing at levels far above those required for their domestic economies.

But the industrialized nations cannot ask OPEC to produce energy to respond to the needs of the world economy if they, themselves, will not. In this regard, Canada's recent announcement of a new national energy policy, which appears likely to result in limiting Canadian production, seems to be out of step with the rest of the world. We hope that, as details of Canada's new program are worked out, the Canadian Government will recognize its more general responsibilities to create incentives—including price increases—rather than disincentives to energy pro-sources and to provide the exclusive legal right that prospective miners need. In fact, this turned out to be the most elusive of the necessary elements of an acceptable "package deal." The vital freedoms of navigation and overflight in straits, exclusive economic zones, and archipelagic waters have been agreed for years. The final compromises on the nature and limits of coastal state jurisdiction over the resources of the 200-mile economic zone and the Continental Shelf and the control of marine pollution were hammered out sometime ago. However, only last summer were the last major issues settled with respect to the seabed mining regime. Only now is it possible to reach meaningful conclusions about the emerging seabed regime.

The time available today does not permit me to summarize all of the elements of the seabed regime as found in the new draft convention. I have decided to concentrate on those provisions dealing with access to seabed mineral resources—the provisions that tell the potential investor what steps he would have to take, and the provisions he must analyze to determine what risks he would run and what are the chances of something going wrong with his access.

There is one point I must emphasize at the outset of this summary. It is patently impossible to negotiate at a conference of some 150 countries and to include in a treaty all the detailed rules and regulations necessary to insure the proper functioning of the International Seabed Authority. The preparation of these rules, regulations, and procedures will be the task of a Preparatory Commission, to be established soon after the treaty is signed and to work full time for several years. Industry will have to be intimately involved in this process, and the work done by industry and the Department of Commerce during the coming year under our recently enacted Deep Seabed Hard Minerals Act should give us a great advantage in that Preparatory Commission. The rules developed there can be changed by the Authority later only if there is a consensus in the 36-nation Council. Any final judgments by the United States on the acceptability and viability of the treaty's mining regime must await these rules.

Assured Access

To be assured of access to the opportunity to engage in deep seabed mining, a prospective miner who has the necessary capital and know-how must be assured that the International Seabed Authority's contract approval process is fair, clear, and well-nigh automatic. The criteria spelled out in Annex III of the treaty satisfy this requirement. An applicant has only to be sponsored by a state party and to satisfy the financial and technical qualifications spelled out in the regulations. His plan of work must fulfill the specifications with respect to such matters as size of area, diligence requirements, and mining standards and practices, including those relevant to protection of the marine environment, that will also be set forth in the regulations. If these requirements are met, his plan of work *must* be approved; there is no discretionary basis for its rejection.

The determination that the applicant and his plan of work do in fact comply with these criteria is the job of the Legal and Technical Commission. The Commission will have 15 members elected to 5-year terms by a three-fourths vote of the 36-member Council from among candidates nominated by states parties who meet the "highest standard of competence and integrity with qualifications in relevant fields." The Commission is obligated to base its recommendations solely on the provisions of Annex III and to report fully to the Council. The majority required for decisions by the Commission is to be established in the rules, regulations, and procedures of the Authority, and I expect our representatives on the Preparatory Commission to insist that this must be no more than a simple majority.

Any plan of work which the Commission finds consistent with the requirements of Annex III will be deemed approved by the Council within a fixed time unless the Council decides—by consensus—to disapprove it. While we would have preferred the "deeming" device to apply regardless of the Commission's findings, the Conference—understandably, I think—felt that some organ of the Authority would have to attest to conformity with the applicable standards of Annex III. Doubtless this would also have been true of the simple licensing system originally advocated by the industrial countries. The automaticity of the system could only be frustrated if three-fourths of the members of the Council make a conscious and determined effort to elect unsuitable Commission members who will ignore the requirements of the treaty.

The Production Ceiling

Although we were able to get agreement in Geneva that approval of a plan of work should no longer be tied to the availability of a nickel production allotment, the timing of access still depends on the authorization of production under the ceiling. Certainly from an economic point of view it makes no sense to limit arbitrarily production of a mineral from one source and not from others. There is no reason to believe that seabed resources will be cheaper to recover and refine than land-based resources—quite the opposite, at least during the first several decades in which the seabed minerals industry is developing. But even if they were cheaper, why shouldn't we let them take over markets from the more expensive competition? Consumers deserve a break; they seem to get few enough these days.

Unfortunately, however, we are trying to produce a universal treaty—one that will be accepted by virtually all coastal and maritime nations, and that large group includes a number of countries that produce either nickel, copper, cobalt, or manganese, and an additional number that think they might become producers in the not-too-distant future. Those countries must, if they are to accept the Law of the Sea Convention, be able to show that their producer interests are protected, at least for an interim period. Moreover, the interest of most developing countries as consumers is minimal, for they do not yet have the industry to be major consumers. Most developing countries tend to sympathize with and be protective of raw material producers, a tendency that has been encouraged artfully by Canada, the leading nickel producer. Thus, it has long been clear that there could not be a generally accepted Law of the Sea Convention that does not contain an interim production ceiling. As now formulated, the production ceiling is not likely to bar access for any qualified miner. The amount of permitted production is substantial, a "floor" has been added, and the constraint on seabed production is limited in duration.

Because the formula in the text is based on a projection forward of past trends, it is impossible to predict exactly what level of production will be allowed during the 15 years the limit will, in effect, apply. But on the basis of the Bureau of Mines' mid-range projection of the growth in nickel consumption during the balance of this century (3.4%) and the earliest practicable start-up date for commercial production (1988), the first group of miners to apply for production authorizations could produce annually an aggregate of about 200,000 tons of nickel. Thereafter, the limit for the industry as a whole would increase so that after 5 years, in 1992, 320,000 tons could be produced; after 10 years, 490,000 tons; and after 15 years, 590,000.

In fact, the 15-year trend line growth rate for nickel consumption is currently about 3.9%, and if that rate were extended into the future, the tonnage allowed to seabed mining would be considerably higher. If future growth should turn out to be lower than anticipated, the full effect of the drop would not be felt because of the "floor" provision in the formula. This substitutes a minimum 3% growth rate for any actual rate lower than 3%. Even if the growth rate fell as low as 2.2%, seabed miners could—if they thought they could make money in the kind of economic climate implied by such a discouraging trend—still supply up to 18% of the nickel market in the first year of production and up to 36% by the 15th year. Notwithstanding the share of production taken up by the Enterprise, acting alone or in joint ventures, there would still be sufficient tonnage under any reasonable set of assumptions to insure that private miners would get their authorizations when they need them. It is thus probable that market forces, not the production limitation formula, will determine how much nickel and, therefore, how much copper, cobalt, and manganese, will be produced by the first generation of seabed mining projects.

Seabed mining is a pioneering venture. So too is the effort of the world community to base the structure of a new international seabed regime on the proposition that the global commons are not subject to the jurisdiction of any state. It has been a difficult undertaking, the building of this structure, the most difficult I have ever been a part of. But the same pioneering spirit and the same confidence in the future that have brought seabed mining and the seabed mining regime so close to reality can also assure a harmonious relationship between the two. And we must not forget that the recovery of seabed mineral resources is not only important as a potential source of minerals; it is also the remaining linchpin in the whole Law of the Sea Convention—the last major item in the long sought "package deal." Given the distance we have come and the interests at stake in the success of this vast undertaking, we cannot fail to finish the job. Pioneering ventures are difficult enough in a stable legal order. Without law—without this new comprehensive legal system for the oceans—seabed mining will be only one of the victims of the more chaotic and dangerous world that would result. This we cannot permit. ■

SOUTH ASIA

Soviet Invasion of Afghanistan

PRESIDENT'S STATEMENT, DEC. 24, 1980[1]

One year has passed since the Soviet Union launched its brutal assault on its small, nonaligned neighbor, Afghanistan. On December 27, 1979, Soviet paratroopers seized key Afghan institutions in Kabul, including the Presidential Palace, where President Amin was then killed. The Soviets installed a puppet government under the nominal leadership of Babrak Karmal, who was in the Soviet Union at the time.

The tragedy that has continued to unfold in Afghanistan over the past 12 months weighs heavily on all Americans. We have watched the Soviet Armed Forces employ massive firepower and increasingly brutal tactics. We have seen the ranks of Afghan refugees fleeing devastation and political and religious oppression at home swell to more than 1.2 million in Pakistan alone. And amid this grim spectacle, we have been heartened to witness the brave resistance of the Afghan people, who have continued their struggle for independence and the right to determine their own political future.

The Soviet invasion of Afghanistan and attempted forceful occupation of that fiercely independent, nonaligned, Muslim nation has had a profoundly negative impact on the international community. An overwhelming majority of member states of the United Nations demanded the immediate withdrawal of foreign troops from Afghanistan in a special General Assembly session in January 1980. An increased majority reiterated this demand following careful General Assembly consideration of the Afghanistan issue last month. The 40-member Islamic conference has been particularly forceful in condemning Soviet actions and in seeking an appropriate political solution. If the Soviet leaders expected that the world would avert its eyes and quickly forget their aggression in Afghanistan, they have been disappointed.

We urge the Soviet Union to respond to those nations urging withdrawal of Soviet military forces and inviting Soviet cooperation in the search for a political solution to the Afghan crisis. For our part, we have offered to join in the effort to find a political solution involving a Soviet withdrawal, and we repeat that offer today. The suffering of the Afghan people must be brought to an end.

The Afghan people and their struggle have not been forgotten and will not be forgotten by the rest of the world. We call on the Soviet Union to work with us and others in finding a way to bring peace to that tormented nation.

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[1] Text from Weekly Compilation of Presidential Documents of Dec. 29, 1980. ■

zation and Egypt agreed to avoid almost 30 years ago.

For all these reasons, the Government of the United States submits that the answer to the primary question put by the World Health Assembly to the Court must be in the affirmative....

WORLD COURT ISSUES ADVISORY OPINION

An advisory opinion issued December 20, 1980, in The Hague by the International Court of Justice was hailed by State Department Legal Adviser Roberts Owen as "a victory for the rule of law in the relations between states and international organizations."

The opinion holds that, should the World Health Organization decide to remove its eastern Mediterranean regional office from Alexandria, Egypt, the WHO and Egypt will be legally obliged "to consult together in good faith as to the question under what conditions and in accordance with what modalities a transfer of the regional office from Egypt may be effected." The Court held that the mutual obligations of the WHO and Egypt "place a duty upon the party which wishes to effect the transfer to give a reasonable period of notice to the other party for the termination of the existing situation...."

Arab states opposed to the Camp David agreements have sought to ostracize Egypt by requiring international organizations with offices in Egypt to remove them. Attempts in the World Health Assembly to require removal of the WHO regional office from Alexandria have been frustrated, most lately by a resolution sponsored by the United States which requested the International Court of Justice to give an advisory opinion on the legal principles which would govern any such move.

Egypt and the United States, both of which oppose any move, argued to the Court that, should the WHO decide to remove the Alexandria office, 2 years' notice would have to be given under the Egyptian-WHO host agreement or that, in any event, reasonable notice would have to be given. The Court's opinion, by a vote of 12-1, sustains the latter argument. Only the member of the Court of Soviet nationality, Judge Platon Morosov, dissented.

Mr. Owen described the Court's opinion as "the second excellent decision which it has issued this year." He stated that it "more than satisfactorily upholds the U.S. position and "demonstrates that international organizations, no less than states, must adhere to the rule of law in international relations." ■

El Salvador

Following are a statement of December 12, 1980, on the special Presidential mission to El Salvador (December 6-9, 1980, and Department statements of January 14 and 17, 1981 on resumption of military assistance to El Salvador.

DEPARTMENT STATEMENT, DEC. 12, 1980

William D. Rogers, former Under Secretary of State for Economic Affairs and Assistant Secretary of State under President Ford, and Assistant Secretary of State William G. Bowdler met with the President yesterday to report on their special mission to El Salvador. Today they are briefing members of the Congress on their mission. They are also submitting a confidential written report to the President.

During their December 6 through 9 stay in El Salvador, the special mission members held a series of meetings with Ambassador White and the Embassy staff, the governing Junta, and Archbishop, the Chief of Police, the special Salvadoran Investigating Commission, nuns from the same order as two of the murdered women, and others. They told those with whom they met that the murder of the four American churchwomen had shocked the conscience of the American people. They expressed our grave concern that the increased incidence of violence in El Salvador raised a fundamental question about the ability of the government to maintain a minimal degree of civil order. They urged prompt and effective action not only to apprehend and punish the murderers but also to control the violence and prevent such tragic incidents from recurring.

The special mission reported that, thus far, there was no direct evidence of who committed the crime. Especially because of circumstantial evidence of possible security force involvement in the case, the mission urged the authorities of El Salvador to conduct a complete, thorough, and professional investigation of these murders so that these questions can be answered and those responsible be brought to justice.

The governing Junta requested that the mission communicate to the President, the government, and people of the United States El Salvador's profound regret with respect to the crime. They told our mission that the investigation would be pursued wherever it led, anywhere in the country, at any level.

To this end, the Junta has appointed an official four-man ad hoc investigating commission. The commission, which is actively pursuing its task, has requested our technical and professional investigative support. Several agents of the FBI are already in El Salvador providing technical assistance to the commission. We will continue to cooperate fully with this investigation.

Our special emissaries also discussed the desirability of permitting outside observers of the investigation. The commission has welcomed this. We expect that organizations such as the Inter-American Human Rights Commission will be able to play such a role. Our Embassy will also be closely monitoring the progress of the investigation.

We consider the appointment of the investigative commission, its efforts to date, its desire to have U.S. investigative experts assit in its work, and its willingness to permit outside observers to monitor the investigation as positive responses to our mission.

In the course of the mission's discussions with the governing Junta and others, it was pleased to note that there appears to be a consensus on the need to act quickly and effectively to investigate, thoroughly, the killings of our citizens, to gain greater control over the widespread violence, to undertake a reform and restructuring of the government and to make it more effective, to make the military high command more responsive to duly constituted authorities, to implement the reform program, and to open a dialogue with democratic leaders of the opposition to end the terrible internal conflict that is costing so many lives.

Negotiations are going on in El Salvador between the Christian Democrats and the military toward these ends. Statements by Salvadoran officials involved indicate that some significant restructuring of the government and shifts in military personnel are anticipated. The United States is ready to resume its assistance to El Salvador upon such progress.

We will be following these developments and carefully assessing the way in which they improve the effectiveness of the government pursuing its reform program, in controlling violence, and in respecting human rights. Progress toward these objectives is essential to avoid further polarization, either to the extreme right or to the radical left.

DEPARTMENT STATEMENT JAN. 14, 1981[1]

The Administration has decided to resume its Fiscal Year 1981 military assistance to El Salvador, which was temporarily suspended on December 5. Specifically, we will continue with our remaining $420,000 international military education and training (IMET) program and proceed with implementation of our $5 million foreign military sales (FMS) credit program. Within the FMS program we will proceed, immediately, with the sale of approximately $2.3 million in nonlethal equipment. We will also proceed with the loan of two UN-1H (Huey) transport helicopters, financing related costs from the FMS credit. This helicopter loan program has been under consideration for several months.

When we announced resumption of our economic assistance to El Salvador on December 17, we stated that our military assistance would continue to be temporarily suspended. We indicated that we would be following developments in El Salvador with regard to certain areas of concern, especially continued progress in the investigation of the murders of the four American churchwomen.

The investigation of the murders by the Government of El Salvador's special investigation commission is proceeding. The commission has questioned many persons in El Salvador and developed some leads. Our FBI has furnished technical assistance to the commission and will, this week, deliver to the commission its assessment of the evidence obtained from the two autopsies performed in the United States and from the visit of FBI technicians to El Salvador. The Salvadoran Attorney General is proceeding with arrangements for autopsies on the two women buried in El Salvador. The Salvadoran Embassy in Ottawa is to interview the group of Canadian missionaries who talked with the women at the airport.

The Government of El Salvador has invited the Inter-American Human Rights Commission to observe the work of the investigating commission. We are supporting this invitation.

Our decisions regarding military assistance have also taken account of the current military situation in El Salvador. A major military offensive was conducted by the leftist guerrillas over the past weekend in which they demonstrated that they are better armed and constitute a military threat. Captured documents and weapons confirmed that the guerillas have received a substantial supply of arms from abroad.

Although the government forces contained the guerrilla offensive, they expended considerable materiel and lost their last transport helicopter. As a result, their need for military assistance has become greater and more urgent.

Taking full account of the progress in areas of concern to us, especially the investigation of the murders of the four American churchwomen, and considering the overall military situation, the Administration has decided to resume its modest military assistance to El Salvador.

DEPARTMENT STATEMENT JAN. 17, 1981[1]

For the past 15 months, we have assisted the moderate military/civilian Government of El Salvador in its efforts:

- To implement its agrarian reform and electoral program;
- To put a stop to the violence of right-wing terrorists; and
- To defeat the Marxist guerrillas.

We are encouraged that there has been progress in these areas.

To assist the government to implement the reforms which were so essential to give the underprivileged of El Salvador a greater stake in that society, we have provided approximately $82 million of economic aid. We have also provided military aid, both as a means of encouraging progress in areas of common concern and of supporting such steps when they occur. We believe that continued progress with the agrarian reform and electoral program and a readiness to negotiate are just as important to the long-term success of the government in ending the violence and defeating the guerrillas as its military efforts.

On January 10, Marxist guerrillas launched a major offensive in El Salvador. Evidence emerging from this offensive and intelligence reports confirmed that the guerrillas have obtained, from abroad, a substantial quantity of lethal weapons, including grenades, recoilless rifles, and mortars. The evidence also indicates that a number of countries are supporting the Marxist guerrillas and are continuing to supply them arms and ammunition. Up until this offensive, the United States provided limited military assistance to help meet the Salvadoran Government's legitimate defense needs. (This included $5.7 million FMS credits and $250,000 IMET in fiscal year 1980 and $5 million FMS credits and $500,000 IMET for fiscal year 1981.)

The Government of El Salvador is in control of the country despite repeated outbreaks of terrorism and scattered guerrilla attacks. However, in dealing with the current offensive, the Salvadoran armed forces have had to draw down their stocks to levels where replacement is essential of some of their equipment, especially, ammunition. The Salvadoran Government needs to offset increases in the guerrillas' firepower and to replace their own losses. The Government of El Salvador has, therefore, requested that we provide, on an emergency basis, the military items which they require. We are responding for essentially two reasons:

First, the government continues to take positive steps in the areas of mutual concern to our two nations—the investigations, implementation of the reforms, and improvement of the government's ability to deal with repression and terrorism.

Secondly, we must support the Salvadoran Government in its struggle against left-wing terrorism supported covertly with arms, ammunition, training, and political and military advice by Cuba and other Communist nations.

The United States is, therefore, providing $5 million in equipment and services, including some urgently needed arms and ammunition, under Section 506A of the Foreign Assistance Act. We are also loaning the remaining 4 Huey transport helicopters, with related costs financed under the fiscal year 1981 FMS credit. We believe these supplies will be important in helping the government maintain control and continue the process of moderate reform.

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[1] Read to news correspondents by Department spokesman John Trattner. ■

(White House photo by Mary Anne Fackelman)

ander M. Haig, Jr., takes the oath of of-
as Secretary of State on January 22,
, at the White House while Mrs. Haig
the Bible. Robert Linder (right), acting
tor of White House operations and a
ry public, administers the oath.

e Secretary of
ate

owing his election on November 4,
), President-elect Ronald Reagan
inated Mr. Haig to be his Secretary
tate. He was subsequently con-
ed by the Senate and was sworn in
e 59th Secretary of State on
ary 22, 1981.

Secretary Haig graduated from the
Military Academy in 1947, was
missioned a second lieutenant in the
y, and advanced through a variety
ilitary assignments, including service in Japan, Korea, Europe, and Vietnam. He pursued graduate studies in business administration at Columbia University (1954-55) and received a Master's degree in international relations from Georgetown University (1962).

He served in the Pentagon from 1962 to 1965, where his positions included Military Assistant to the Secretary of the Army and Deputy Special Assistant to the Secretary of Defense. He served in Vietnam in 1966 and 1967, receiving the Distinguished Service Cross.

In January 1969, he was assigned as senior military adviser to Dr. Henry Kissinger, then Assistant to the President for National Security Affairs, and 18 months later he became the Deputy Assistant to the President for National Security Affairs. He was promoted to full general in 1972. During his 4 years in the White House ending in 1973, he made 14 trips to Southeast Asia as the personal emissary of the President, including negotiating the Vietnam cease-fire and the return of U.S. prisoners of war. In addition, he coordinated preparations for President Nixon's historic visit to China.

Mr. Haig was serving as Army Vice Chief of Staff when President Nixon appointed him in May 1973 to rebuild the White House staff. Although this was to be a temporary position, the President subsequently named him White House chief of staff, and he retired from the military after 26 years of active service.

He served in the White House until October 1974, when President Ford recalled him to active duty as Commander in Chief, U.S. European Command. Two months later, Mr. Haig was also appointed Supreme Military Commander in Europe. In that position, he was responsible for the integrated military forces of the 13 member nations of the North Atlantic Treaty Organization (NATO). He resigned his post effective June 30, 1979, and retired from the Army.

Secretary Haig was elected president and chief operating officer of United Technologies and a member of its board of directors on December 21, 1979, where he served until assuming his present position.

He is a life member of the Navy League and the Veterans of Foreign Wars of the United States. Secretary Haig is a recipient of an honorary law degree from Niagara University and honorary doctor of laws degrees from Boston College, St. Anselm's College, the University of Utah, Western State School of Law, and Loyola College, Baltimore.

He was born December 2, 1924, in Philadelphia, attended St. Joseph's Preparatory School there, and graduated from Lower Merion High School in Ardmore, Pennsylvania.

Secretary Haig is the recipient of the following honors: Charles Evans Hughes Gold Medal Award of the National Conference of Christians and Jews; Dwight D. Eisenhower Distinguished Service Award and Citation of the Veterans of Foreign Wars of the United States; Hap Arnold Award of the U.S. Air Force Association; James Forrestal Award of the National Security Industrial Association; David Sarnoff Award of the Armed Forces Communications and Electronics Association; William Penn Award of the Penn Club of Philadelphia; Hall of Heroes Gold Medallion of the Chapel of the Four Chaplains; and the Bob Hope Four-Star Civilian Award from Valley Forge Military Academy and Junior College.

Among his many military decorations, Secretary Haig holds the Distinguished Service Cross; the Defense Distinguished Service Medal with Oak Leaf Cluster; the Silver Star with Oak Leaf Cluster; the Distinguished Flying Cross with Oak Leaf Clusters; and the Purple Heart. He has received the highest awards from the Governments of Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, and Portugal.

Press release 28 of Feb. 1, 1981. ■

The Secretary of State of the United
tes has a responsibility second only to
of the President himself to insure
this trusteeship is managed wisely
well. I approach this responsibility in
recognition of the gravity of our task,
h confidence that we will succeed, and
h the knowledge that working closely
h this committee and the Congress is a
to our success.

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[1] The complete transcript of the hearings
be published by the committee and will be
ilable from the Superintendent of Docu-
nts, U.S. Government Printing Office,
shington, D.C. 20402. ■

Secretary Haig's News Conference of January 28

I think it's the Judaeo-Christian Bible that says the universe was created in 7 days and that even provided a day of rest. I tell you, it's been a very humbling week for me, and I feel very, very human.

As you know, this is the end of our first week in this Administration. It's been an extremely busy one. It's involved for me those all-too-short confirmation hearings on the Hill [laughter]; it's involved efforts to put in place a number of our key team players down through and including assistant-secretary level. I want you to know I've done that in all but two assistant-secretary billets of about 30 involved, to say something or nothing about my personal staff and the Secretariat of the Department of State itself on the 7th floor.

It's been somewhat of an experience to discover firsthand the delays in bureaucratic obstacles associated with the clearance process, but I want you to know that I anticipate that each and every one of my nominees—my nominees—will ultimately be approved and hopefully confirmed in consultation with the Congress where appropriate.

It's also been a very busy week in a bureaucratic sense and I think I leave the week's experience again with an even enhanced appreciation for the role of the professional in this Department, because they're the ones that have to carry the burden during periods of transition, our in-place pros. They're the ones who have enabled me this week to establish interdepartmental working groups in every region of departmental activity and in a number of key and urgent functional areas. I'm very pleased that this has been accomplished, primarily as a result of the team that was in place, when I came here, of professionals, with the help of an additional number of augmentees that I brought with me from the transition team.

It has been a busy week also because, as you know, today we have our first official state visitor, Prime Minister Seaga from Jamaica. We have meetings scheduled next week with the President of Korea, to be followed by King Juan Carlos of Spain, and, of course, the Prime Minister of Great Britain, Mrs. Thatcher. I will be meeting Friday with the Canadian Foreign Minister here in the Department, and there are a number of other meetings scheduled with European foreign ministers. The first, of course, is Foreign Minister Francois-Poncet of France.

In addition to that, we found ourselves engrossed immediately and instantaneously with the problem of the return of our hostages, and I'm happy to say in hindsight, reflecting upon the events of this past weekend and this week and yesterday especially, that those events were carried out with what I consider to be the ultimate of appropriateness.

There has been some controversy this week about the so-called "agreements" which brought our hostages back to our shores at long last. I think it's important that those who analyze and assess the pros and cons of these agreements, which were arrived at under the most unprecedented and unusual conditions in our history, be recognized to be perhaps the most complex series of international agreements that I have been exposed to: four agreements, ten Executive orders, all requiring a host and array of regulations to implement.

I'm not an international lawyer, and I'm not even a domestic lawyer—although I've had a great deal of recent experience—and I can tell you that analyzing and assessing the obligations of both sides with respect to these accords, agreements, Executive orders, is going to take a great deal of time and effort by the most experienced of legal minds.

I would anticipate, and I reiterate, that the U.S. Government will fulfill its obligations in accordance with both international law and the accepted norms of domestic legal practice. The process is underway and has been underway within the executive branch by those departments which are particularly expert in reviewing all of these obligations. And ultimately, of course, there will be assessments made with respect to how the other side also adheres to the obligations it has incurred in these accords.

I would like to get out front with respect to one or two issues in these accords. There has been speculation as to whether or not these accords provide for the resumption of the provision of military equipment to the Government of Iran, either that equipment previously purchased and contracted for, or perhaps additional equipment. Let me state categorically today, there will be no military equipment provided to the Government of Iran, either under earlier obligations and contractual arrangements or as yet unstated requests. There were no discussions about the provision of armaments by the previous Administration as it completed the accords in those anguishing last hours.

Secondly, as you know, one of the Executive orders signed by President Carter relieved the obligation for the sanctions in trade. We have, in that regard, issued a warning or an advisory, if you will, about the undesirability of travel of American citizens to Iran; and, until further deliberations are made with respect to future commercial arrangements, it's my view that the most careful caution should be applied by American firms, large and small.

Having said all of these things, it's your turn to have at me. I want to conclude by emphasizing that I hope in the period ahead to meet regularly here with this diplomatic press corps. It's a press corps that enjoys the reputation of being the sharpest and the meanest I know, and I welcome that because I think the kind of dialogue we will have here should be both enlightened and specific and pertinent. I welcome your questions.

Q. Can you tell us whether the Reagan Administration is considering taking retaliation against Iran for taking of the hostages and its treatment of them? And, if so, what measures are being considered, such as the reimposition of the trade embargo?

A. First, let me, early on in our dialogue, suggest that experience has taught me that speculation about future actions of that kind—contingency planning—in a public forum is frequently self-defeating because it ends up creating the kind of controversies that deprive one of the ability to do anything in the second place. So I'm going to avoid it.

I would emphasize again that the period ahead is going to clearly demonstrate the nature and character of the Iranian regime's post-hostage return at-

May 14–15
Secretary of the Interior Cecil Andrus and Secretary of Agriculture Bergland meet with Minister of Forestry Luo Yuchuan and his delegation.

**May 22–
June 22**
Vice Minister of Water Conservancy Li Huayi leads delegation to U.S., returning Secretary Brown's January visit; group meets with Department of Agriculture officials in Washington; tours water conservatories, flood control facilities, and soil erosion and irrigation projects around U.S.

**May 24–
June 8**
Vice Premier Geng Biao and a high level entourage from the PLA visit U.S. Visit is marked by talks with President Carter, Vice President Mondale, Secretary of State Edmund S. Muskie, National Security Adviser Brzezinski, and Secretary of Defense Brown; tours U.S. military installations.

June 4–16
Governor Brendan Byrne (New Jersey) leads delegation to China to explore sister-state relations with Zhejiang Province and to enhance cultural and educational exchanges between the two regions' universities.

June 4–19
Governor Harry Hughes (Maryland) leads delegation to China; meets with Vice Premier Wan Li, Anhui Province Governor Zhang Jingfu, and other Anhui Province officials. Governor Hughes and Governor Zhang agree to establish sister-state relations.

June 4–20
Minister of Education Jiang Nanxiang visits universities and meets with Secretary of Education Shirley Hufstedler and senior American education officials.

June 5–26
Minister of Public Health Qian Xinzhong and his delegation visit U.S.; tour several U.S. medical schools, meet with health professionals, and study emergency procedures and primary health care.

**June 6–
July 6**
Chairman and President of the Bank of China Bu Ming leads delegation to U.S.; group visits the International Monetary Fund, the Export-Import Bank, and the World Bank in Washington, and several banks in New York.

**June 10–
July 3**
Vice Minister of Light Industry Han Peixin leads delegation to U.S. at the invitation of Bobbin Publications; group discusses trade and joint venture possibilities with several U.S. companies.

June 12
Senator Richard Stone (Florida) announces that the Department of State has approved sales presentations for the FX fighter aircraft to Taiwan. Chinese Government subsequently protests the decision.

June 14
In response to press reports that U.S. Presidential candidate Ronald Reagan favored restoring official relations with Taiwan, an authoritative People's Daily press commentary condemns the restoration of such ties.

June 15
NASA delegation, led by Deputy Administrator Alan Lovelace, arrives in Beijing; meets with Vice Premier Bo Yibo.

June 15–23
Chairman of the Federal Reserve Board Volker leads delegation to China to study the structure and functions of China's financial system, economic planning, and external financial relations.

June 16
Minister Qian meets with Secretary of Health and Human Services Patricia Harris in Washington.

June 17
Minister Qian meets with National Institutes of Health Director Donald Fredrickson in Washington and tours NIH clinical center.

June 19
Minister Qian meets with Presidential science adviser Press in Washington.

**June 23–
July 2**
Executive Secretary of the Department of State Peter Tarnoff and Assistant Secretary of State for International Narcotics Matters Mathea Falco visit China.

June 25
Assistant Secretary Falco meets with Vice Director of the Ministry of Public Security Xie Heng to discuss drug abuse problems and with Vice Minister of Public Health Wu Zhaoheng to discuss narcotics matters.

Vice Minister of Foreign Affairs Zhang Wenjin hosts dinner for Assistant Secretary Falco and Executive Secretary Tarnoff.

Executive Secretary Tarnoff speaks with Director of the Political Department of the Ministry of Foreign Affairs Lin Zhong and other Foreign Ministry officials about the organization, personnel structure, and training of the U.S. Foreign Service.

**June 30–
July 3**
Assistant Secretary for East Asian and Pacific Affairs Holbrooke holds series of consultations in Beijing with Vice Minister Zhang Wenjin and other key Chinese officials.

July 3–19
Senior Vice Minister of Culture, Liu Fuzhi, leads delegation to U.S. at the invitation of the International Communication Agency; delegation visits several cities and small towns for broad overview of American society and culture.

**July 5–
Aug. 5**
Minister of Agriculture Huo Shilian visits U.S.; meets with with Secretary of Agriculture Bergland.

July 6–14
Senate Majority leader Robert Byrd (West Virginia) visits China at the invitation of the Standing Committee of the NPC; meets with Vice Chairman of the Standing Committee Ulanhu, Premier Hua, and Vice Premier Zhao Ziyang.

July 9
President Carter and Premier Hua meet in Tokyo while there for the memorial services for the late Japanese Prime Minister Ohira. Talks center on global issues of mutual concern and on Indochina.

**July 12–
Aug. 11**
Vice Minister of China's State Construction Committee Lu Kebai leads a delegation to U.S.; group meets with Commerce Department and Housing and Urban Development Department officials and makes a general survey of urban planning and high rise construction in U.S.

July 17
U.S. Department of Commerce approves and implements new, liberalized export control guidelines for China.

July 12–21
Representative Stephen J. Solarz (New York) leads delegation of the Asian and Pacific Affairs Subcommittee of the House Foreign Affairs Committee to China.

July 20
Representative Solarz meets with Vice Foreign Minister Zhang Wenjin in Beijing; discusses Chinese views on North Korean and Kampuchean matters.

July 31
Vice Minister of Foreign Affairs He Ying meets in Washington with Under Secretary of State David Newsom, Assistant Secretary of State for International Organizations Richard McCall, Assistant Secretary of State for African Affairs Richard Moose, and other senior U.S. officials for consultations on multilateral and regional diplomatic issues.

House and Senate approve legislation authorizing activation of Overseas Private Investment Corporation (OPIC) programs in China and send it to President Carter.

August 8
President Carter signs legislation authorizing the operation of OPIC programs in China and a Presidential determination that OPIC programs are in the national interest.

August 16–21
Director of the Bureau of Politico-Military Affairs of the Department of State, Reginald Bartholomew, visits China.

August 20–23
Republican Vice Presidential candidate George Bush visits China and meets with Vice Premier Deng and other high-ranking Chinese officials.

Chinese Government attacks the Taiwan Relations Act following the emergence of the Taiwan issue in the U.S. Presidential election campaign.

**August 25–
September 7**
Last of three rounds of civil aviation negotiations are held in Beijing. Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director General of China's Civil Aviation Administration (CAAC) Lin Zheng cochair the talks.

**August 30–
September 8**
Governor Robert Ray (Iowa) leads a State delegation to China.

**August 31–
September 4**
Assistant Secretary of Commerce for Maritime Affairs Samuel Nemirow and Director of the Foreign Affairs Bureau of the Ministry of Communications Dong Huamin cochair third and final round of the U.S.-China maritime negotiations in Beijing.

**August 31–
September 28**
Vice Premier Bo Yibo leads high-ranking delegation, which includes seven ministerial level officials, on a tour of U.S.

September 4
Assistant Secretary Nemirow and Director Dong initial the proposed U.S.-China maritime agreement in Beijing.

September 6–19
Under Secretary of Defense for Research and Engineering William Perry visits China to continue technology transfer talks; meets with Vice Premier Li Xiannian and Deputy Chiefs of Staff of the PLA Zhang Aiping and Liu Huaqing; delegation tours Chinese defense research institutes, factories, and other facilities.

September 8
Deputy Assistant Secretary of State for Transportation and Telecommunications Affairs Hight and Deputy Director General of China's Civil Aviation Administration (CAAC) Lin Zheng initial U.S.-China aviation agreement in Beijing.

**September 9–
October 15**
Vice Minister of Forestry Yong Wentao leads delegation to U.S. at the invitation of the Department of Agriculture; tours forestry research laboratories and university forestry facilities throughout U.S.

September 10
Director General of the State Bureau of Labor Kang Yonghe meets with Secretary of Labor Ray Marshall in Washington for discussion of the U.S. labor movement.

September 13–28
China holds its first official trade exhibition in the U.S. in San Francisco.

September 16–18
First annual meeting of the U.S.-China Joint Economic Committee is held in Washington; cochaired by Treasury Secretary Miller and Chinese Vice Premier Bo Yibo; committee predicts bilateral trade in 1980 will total about $4 billion, up about 75% from 1979.

September 17
President Carter and Vice Premier Bo Yibo sign agreements covering civil aviation and maritime links and regulating bilateral trade in textiles. They also sign a Consular Convention, the first formal treaty concluded between the two governments. China announces its decision to open consulates in New York, Chicago, and Honolulu, as U.S. announces its intention to open three additional consulates in China.

**September 21–
October 6**
PLA delegation visits U.S. to study the U.S. military logistics management system.

**September 28–
October 23**
Chinese Minister of Building Materials Song Yangchu leaves Beijing for a visit to U.S. at the invitation of the National Council for U.S.-China Trade.

October 1
Second installment of $10.1 million paid to the U.S. by China under the U.S.-China "claims-assets" agreement.

Mayor Kevin White (Boston) and Mayor Zhou Feng (Hangzhou) agree to establish sister city relations.

October 2–18
Minister of Posts and Telecommunications Wang Zigang visits U.S.; meets with U.S. Postal Service officials.

October 7
Agreement covering procedures for the operation of OPIC in China initialed in Beijing. OPIC will provide political risk insurance to U.S. companies investing in China.

October 9
Postmaster General Bolger and Minister of Posts and Telecommunications Wang Zigang sign agreements in Washington covering parcel post and international express mail services between U.S. and China.

duction. We also hope that nations such as the United Kingdom and Norway will produce at maximum efficiency in order to provide more secure sources of energy supply.

We are doing our part. Energy policies now in place are having an appreciable effect on our energy balance sheet. We have reduced our oil imports by 25% since the peak year of 1977, and we are well on the road to increased energy production. We can now exercise greater leadership, internationally, in confronting the world's energy problems since we have turned from a nation with one of the weakest energy programs into a nation with one of the strongest. Policies and legislation have been effective in reducing demand and increasing supply, especially through gradual oil and gas price decontrol, incentives for greater energy efficiency in homes and businesses, fuel efficiency standards, building temperature controls, the synfuels program, and related measures.

But we cannot rest on our laurels. We have a long way yet to go. The war between Iraq and Iran is a telling reminder that the unpredictable and irrational do occur. We must strengthen our ability to react even to extreme cases. Ultimately, we will have learned the right lessons when the American people understand that our well-being and security are at stake in our response to the continuing energy crisis. ■

North Atlantic Council Meets in Brussels

Secretary Muskie departed Washington, D.C., December 9, 1980, to attend the regular semiannual session of the North Atlantic Council ministerial meeting in Brussels December 11-12. Before returning to the United States, he stopped in London December 12-14 to consult with British officials.

Following are the texts of the final communique, the declaration approved by the 15 Foreign Ministers, and the minutes extracts made available to the press of December 12.

FINAL COMMUNIQUE, NORTH ATLANTIC COUNCIL[1]

The North Atlantic Council met in ministerial session in Brussels on 11th and 12th December, 1980, against a background of growing uncertainty and tension in international relations. Ministers agreed on the following:

1. The continuing military build-up of the Soviet Union, its clear willingness, as seen in Afghanistan to use force in disregard of the principles of the United Nations Charter, the Helsinki Final Act and International Law and the Soviet menace which hangs over Poland give cause for grave concern to the members of the Alliance and to the entire international community.

Allied strength and cohesion are thus essential to the maintenance of stability and peace. United in purpose, the Allies are determined to meet any challenge to the freedom and well-being of their peoples and to make the efforts and sacrifices required for deterrence and defense. In this way they do their part to preserve the basis for detente.

Genuine detente must be worldwide in scope and indivisible. It can succeed only if the Soviet Union strictly abides, in Europe and elsewhere, by the Helsinki Final Act in their entirety. Allied efforts to persuade the Soviet Union to change its policy from one of intervention in the affairs of other states to one of respect for their sovereignty serve the general interest of the international community. The Allies will keep open channels of communication and be ready to respond positively to concrete steps by the Soviet Union to cease aggressive activities and to restore the basis for constructive East-West relations. In this connection, the Allies remain committed to the pursuit of effective, balanced and verifiable measures of disarmament and arms control.

2. Detente has brought appreciable benefits in the field of East-West cooperation and exchange. But it has been seriously damaged by Soviet actions. It could not survive if the Soviet Union were again to violate the basic rights of any state to territorial integrity and independence. Poland should be free to decide its own future. The Allies will respect the principle of non-intervention and strongly urge others to do likewise. Any intervention would fundamentally alter the entire international situation. The Allies would be compelled to react in the manner which the gravity of this development would require. Therefore the Council will keep the situation under close and continuous review. At the same time, genuine Soviet efforts to restore the confidence necessary for detente will meet with a ready response from the Allies.

3. It is important, particularly in the present circumstances, that the calm situation in and around Berlin should be maintained and that the positive effects of the Quadripartite Agreement of 3rd September, 1971, should not be impaired by unilateral measures. The international situation as a whole cannot fail to be affected by the situation in Berlin.

Recent measures introduced by the German Democratic Republic have substantially reduced inner-German travel and visits of Berliners. This development constitutes a setback in the relationship between the two German states. The Allies support the efforts of the Federal Republic of Germany to achieve the withdrawal of these measures so that relations between the Federal Republic of Germany and the German Democratic Republic could develop further in the interest of stability and co-operation in Europe and of those affected.

4. The Soviet occupation of Afghanistan is unacceptable. One year after the Soviet invasion, the Afghan people still suffer from repression by foreign troops on their soil. The use of military force by the Soviet government to impose its will on the people of a neutral and non-aligned country belies its oft-repeated professions of friendship for the nations of the Third World, creating distrust about its future intentions. An overwhelming majority of the United Nations General Assembly has again called for the immediate removal of the foreign troops from Afghanistan. Despite the efforts of the Islamic Conference, the quest for a political settlement has made no progress because of Soviet intransigence. Such a settlement must provide for the total withdrawal of Soviet troops and enable the Afghan people to exercise fully their rights of independence and self-determination.

More than one million Afghans have been forced by the Soviet occupation to flee their homeland, causing great human suffering and placing a heavy burden on neighbouring countries. In the spirit of the United Nations Resolutions, Allied governments, in common with a number of neutral and non-aligned countries, are contributing to humanitarian aid to alleviate the plight of these refugees.

5. The Soviet invasion of Afghanistan has major implications for the whole of South-West Asia, an area of paramount interest to the international community and the security of the Allies. Members of the Alliance are prepared to work for the reduction of tension in the area and, individually, to contribute to peace and stability for the region, while protecting their vital economic and strategic interests.

The Allies deplore the war between Iraq and Iran, which causes further concern for the stability of the affected region. In this connection, they underline the importance of maintaining freedom of navigation.

Recalling positions previously taken by the Council, the Allies reaffirm the need for early achievement of a just, lasting and comprehensive settlement of the Arab-Israeli conflict.

6. The enormous growth over a number of years of Warsaw Pact and in particular Soviet military power gives rise to legitimate concern in Europe and throughout the world. This build-up contradicts the frequent assurances by the Warsaw Pact countries that their aim is not military superiority.

Under present circumstances there is particular need to look to deterrence and defence. The Allies will therefore take, individually or collectively, the defensive measures to meet the growth of Warsaw Pact capabilities and to deter any aggression.

7. The strength of the Alliance lies not only in its defensive capability but also in its cohesion and the readiness of its members to give one another political and economic support. In particular they have greatly benefited from the practice of frank and timely consultations on a broad range of issues. They will vigorously pursue this practice with the object of underscoring their solidarity on all matters affecting their common interests. They will continue Allied programs to strengthen the economies of the less advanced member countries, undertaken in the spirit of article 2 of the North Atlantic Treaty, which have gained additional significance and urgency.

The deterioration of the situation in South-West Asia underlines the necessity and urgency of enhancing the defence posture of the South-Eastern flank and of maintaining stability and a balance of power in the Mediterranean region as a whole.

The cohesion of the South-Eastern flank has been strongly reinforced by recent positive decisions regarding this area, and the capability of the alliance for deterrence and defence has thereby considerably improved. These developments may, at the same time, be considered as a welcome step to the restoration of mutual confidence between Greece and Turkey, and they enhance the prospects for success of the bilateral efforts of the two governments.

8. The Allies attach importance to the process initiated by the Conference on Security and Co-operation in Europe (CSCE) as a valuable framework for improving security and developing co-operation in Europe on the basis of full implementation of the commitments entered into at Helsinki. They remain committed to the continuation of the CSCE process beyond the present follow-up meeting in Madrid. This meeting is taking place in the shadow of the Soviet invasion of Afghanistan and the continuing suppression of human rights in the Soviet Union proclaimed on the Helsinki Final Act. In condemning these violations, as during the thorough discussion of implementations, the Allies are seeking to preserve the integrity of the Final Act, to which they remain dedicated.

In the same spirit, they are presenting important new proposals in all areas covered by the Final Act, including human rights, human contacts and information. In the security area the allies strongly support expanding and strengthening confidence building measures within a framework that ensures they will be militarily significant, verifiable and applicable to the entire continent of Europe, including all of the European territory of the Soviet Union. In this regard, recalling their previous declaration in Ankara, the Allies took note that the proposal of the Government of France concerning a mandate for a conference on Disarmament in Europe, under the aegis of the CSCE, has been tabled in Madrid where it has been welcomed by many delegations.

9. Sharing the widespread international concern at the continuing increase in armed forces and armaments throughout the world, Allied governments have put forward proposals in various form in which arms control and disarmament are discussed. These efforts are made more difficult if agreements already in force are not fully observed. In this connection, the Allies welcome all constructive efforts by the contracting parties aimed at ensuring the effectiveness of existing accords. The negotiation of new agreements must provide for adequate verification. The Allies will continue to seek agreements establishing greater security for all nations at lower levels of forces and armaments within the United Nations framework and elsewhere.

10. The Allies engaged in the negotiations on Mutual and Balanced Force Reductions remain determined to achieve a more stable and equitable balance of forces in Central Europe through reductions in two phases leading to genuine parity in military manpower in the form of a common collective ceiling, based on agreed data. The Western proposal of December 1979 provides a realistic framework for a mutually beneficial phase 1 agreement involving United States and Soviet reductions and associated measures. Although the Eastern countries have recently made some limited moves towards an interim phase 1 agreement, as proposed by the West, they have regrettably still not provided the information necessary to reach agreement on the size of the forces of the Soviet Union in Central Europe, which is an essential prerequisite to a phase 1 agreement. Nor have the Eastern countries responded adequately to Western proposals concerning associated measures which are designed to ensure verification of force reductions and limitations and to enhance stability.

11. Assuring strategic balance between the United States and the Soviet Union is central to the security of the Alliance. The Alliance supports further negotiations and remains deeply committed to the SALT process as a way of achieving meaningful mutual limitations on United States and Soviet strategic nuclear forces that will help enhance Western security and preserve East-West stability.

12. The Allies who participated in the decision of 12th December, 1979 on Theatre Nuclear Forces (TNF), having received a second report from the Special Consultative Group on Progress in Arms Control involving TNF, expressed their satisfaction with the close and fruitful consultations which have taken place within the Group. They noted with satisfaction the serious and substantive character of the recent discussions between the United States and the Soviet Union. Those Allies expressed their support for the United States negotiating approach, elaborated in intensive consultations among them on the basis of the December 1979 decision. A date for resumption of US-Soviet exchanges next year will be set through mutual consultations.

The continuing implementation of the modernization element of the December 1979 decision was noted. The Soviet preponderance in Long-Range TNF (LRTNF) deployments remains cause for serious concern. The SS-20 bases already identified would alone support more warheads than are planned for their entire modernization program. Allied solidarity in support of both modernization and arms control involving TNF remains key to achieving progress toward agreed limitation. The scale of NATO'S Long-Range TNF requirements will be examined in the light of concrete results achieved through negotiations.

The withdrawal of 1,000 United States nuclear warheads from Europe as an integral part of the LRTNF modernization and arms control decision has been completed.

DECLARATION

The Foreign Ministers and representatives of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United King-

The United Nations and U.S. Policy

by Richard L. McCall

Address before the Harvard Model United Nations in Cambridge, Massachusetts, on December 4, 1980. Mr. McCall is Assistant Secretary for International Organization Affairs.

Pollsters have taken a pretty bad shellacking lately—they, therefore, may not be the most authoritative source to establish my basic premise for this discussion. The point is, however, that contrary to conventional wisdom, public perception does support the notion that there is room for the United Nations in American foreign policy. According to recent polls by Gallup and Roper, Americans by a two-to-one margin want to increase U.S. participation in the U.N. system.

Nonetheless, the consumers of conventional wisdom continue to purport that American public support for the United Nations is on the decline and, accordingly, we ought to be reducing our financial assistance to the U.N. family. In dollars and cents terms, these advocates of retrenchment have succeeded to a considerable extent. Thirty years ago, the United States contributed almost one-half (47.5%) of the United Nations' budget. Today, our share is only 25.6%, a little over $1 billion, about $4 for each American—less than what each of us spent to see the movie "Apocalypse Now."

Along with this less than adequate performance, outlays for programs, such as foreign aid, which are critical in creating a more harmonious international community, have also declined over time and in comparison with other countries. For example, in the past 15 years, the net U.S. official development assistance decreased from 0.49% of our GNP to 0.17%. In contrast, the total development assistance effort of other traditional aid-giving countries has increased five-fold during the same period.

Why the discrepancy between our professed beliefs and our willingness to provide adequate financial resources which would reinforce these beliefs?

There are probably lists of reasons for it, none of them fully explanatory but each of them sufficient to raise doubts. Perhaps in its genesis, we have ascribed greater hopes to the United Nations than it could possibly fulfill in our lifetimes. Idealistic measuring sticks are bad bases for judgment.

The U.N.'s Record

Almost 30 years ago when the United Nations was created, it was seen as the great global instrument that would banish forever the scourge of war. Since then, there have been at least five major military conflicts on the average every year. As we celebrate the 35th anniversary of the United Nations' founding, a war is going on unabated between Iraq and Iran, violent conflicts continue in at least four areas in Africa, direct Soviet, or Soviet-backed, military interventions violate the sovereignty of three countries in Asia, and civil strife has taken 8,000 lives in El Salvador this year alone. Annually, the world spends over $400 billion on armaments and as many as 35 countries (and even terrorist groups) could have nuclear weapons by the end of this century.

Thirty years ago nations pledged to adhere to the Universal Declaration of Human Rights. Today there are some 16 million refugees, one-fourth of this Earth's population is malnourished, and millions face starvation. Torture and imprisonment have remained convenient tools of governance irrespective of race, religion, or sex.

The United Nations has had a checkered history in the peaceful resolution of conflicts. It was either impotent to act, as in the cases of repeated Soviet aggression in Hungary, Czechoslovakia, and Afghanistan, or fearing impotency did not even get involved, as in the case of recent African wars. It has become bogged down in negotiations on the global economy, and its impact on global arms control is more exhortatory than real.

For a country that has placed so much faith in the imperatives of world order, that has spent so much effort and sacrificed so much for it—these are indeed legitimate causes for disappointment. It is not surprising then that the majority of Americans are critical of the United Nations—53% according to the polls—for falling short of their hopes and expectations about resolving international problems.

Falling short, however, is not the same as failure. As we acknowledge shortcomings—serious shortcomings—let us also be mindful of certain facts and salient achievements.

The United Nations has become a truly universal organization. Its membership, tripling since its founding, now numbers 154 nations. Its budget has increased 16 times; its agenda has grown by leaps and bounds to encompass practically all aspects of international behavior. The General Assembly, which was once an annual affair, has become for all practical purposes—counting all the special and emergency sessions and full membership conferences—a year-round meeting. The Security Council, which had fallen into such disuse in the 1950s, meeting 5 or 10 times a year, now meets on the average of 100 times a year.

The United Nations has become the source of innovative measures to reduce international tensions. Peacekeeping forces—not even envisioned in the original charter—are in place in Cyprus and the Middle East. These forces have prevented local conflicts from festering into major wars and have been some of the United Nations' least heralded success stories.

The United Nations has had a steady, calming, and steering presence in the greatest transformation of the political geography of this Earth—aiding formerly colonialized people to achieve independence without major conflicts and in a relatively orderly fashion.

The United Nations' purview over what constitutes threats to collective security has expanded to include global economic security. At the present, almost 90% of its resources are devoted to this task—to development, to environmental protection, to international trade, finance, investment, and to other measures of economic, social, cultural, and scientific cooperation. Through its specialized agencies and programs, the United Nations has increased concessional assistance to developing countries in the past decade from less than $500 million to over $1.6 billion. Together with the multilateral development banks (such as the World Bank and the regional banks) it has been the channel for the growth of net flow of resources to the Third World from less than $1 billion to $4 billion annually in that same period.

The United Nations has had a pioneering role in setting standards and rules that make the life of all of us more secure, healthier and better—in international aviation; in communications; in the protection of the environment; in the husbandry of our resources in the deep seas and in outer space; in the promotion of health standards; and in the entire range of protection of civil, political, social, cultural, and economic rights.

The list is almost endless, and with such selective illustrations I have probably failed to mention some very important ones. There is little question that the United Nations has become the central forum for diplomatic initiatives of many small countries; that through its direct and joint oversight development efforts it has transformed formerly "basket case" countries into food sufficient states. It has been a major facilitator for American investment and export, and its networks of solidarity among labor groups gave birth to concrete measures to make life better for the workers. And perhaps more than any other international institution it has successfully promoted women's rights.

Such is not a record of failure. I do not, however, want to dwell too long on what the United Nations has done or failed to do in making my point about the challenges we must confront today and in the future. The United Nations will certainly remain an arena of conflict between East and West as it has also come center stage in the continuing dialogue between North and South. Yet it must also become a springboard for our collective efforts to address the common problems which this entire planet faces in the decades ahead. Permit me then to focus on the critical role of the United Nations in the context of the East-West rivalry, the North-South relationships, and in light of the prospects we hold for the future.

East-West Relations

The past year bore witness to portentous events in world affairs, events that have neither run their full course nor are they as yet fully predictable in their outcome. We see the flagrant violation of the most elementary norms of international diplomatic practice and decency in Tehran; the naked aggression against the people of Afghanistan, Kampuchea, and Laos; the unceasing armed conflicts in the Horn of Africa; war and renewed threats to peace in the Middle East; and the current crisis in Poland. Each of these events has posed and will continue to pose major obstacles in the path of reasoned relationships between the Soviet Union and the United States.

Each event in direct or in subtle ways affects or is affected by the state of relationships between the two giant nuclear powers. We need not be so Pollyannaish as to presume that global interests always coincide with ours, but we need not be so simple-minded, either, as to assert that every threat to our interest is automatically a net gain for the Soviets.

The recent Soviet globetrotting from Angola to Grenada does not exactly reveal great success for their brand of adventurism. Nor does the emergence of numerous and busy Russian advisers in the area, now called the arc of crisis, suggest the tip of the iceberg of some grand plan of world domination. It does, however, point to the Soviet propensity of opportunism: to take advantage of the opportunities created by the correlation of forces and to extend their sphere of influence.

In the coming years, I am sure, there will be a lot of rethinking and debate about the appropriate American foreign policy stance toward such Soviet behavior. One thing is, however, certain; we will either have to confront them at a point or place of their own choosing—once they are already on the move—or, alternately, work for a world order in which the correlation of forces does not favor them.

Which approach is more expensive, more risky, I leave to your imagination and common sense. Today we spend about 5% of our GNP on defense purposes and there are persuasive arguments to increase this to 7%. At the same time, we devote less than 0.05% of our GNP to the United Nations, and there are some who consider even this little amount to be too much. But the arguments about the appropriate level of defense spending is not my issue here. My point is that it is reasonable to assume that a stronger United Nations would be more capable of dealing with political upheavals and tensions.

In several recent instances, the United Nations has proven to be the preferred instrument with sufficient international support to lead the search for political solutions to international problems. In each case, this approach also closed the door on Soviet mischief.

- The United Nations provided the mechanism through which a peaceful resolution was found to the challenge of majority rule and independence for Zimbabwe.
- The Security Council resolutions laid the basis for the successful Camp David negotiations leading toward greater peace between Egypt and Israel.
- Continuing efforts for the peaceful settlement of disputes in southern Africa, specifically Namibia, could not go forward without the leading role of the United Nations.

I do not intend to suggest that the United Nations can always act as a great buffer against Soviet designs. Realism dictates that we accept the limits imposed on the United Nations' ability to act in every case. But I do suggest that the United Nations can have a tempering influence on Soviet behavior and can serve, as it has served in the past, as a forum of diplomatic initiative to avoid direct East-West confrontations.

North-South Dialogue

In 1945, the United States emerged indisputably as the most powerful and influential nation on Earth. We shaped the United Nations in our own image and likeness and provided for it the necessary economic muscle. Over time, we were the principal architect of the International Monetary Fund to insure monetary order and stability; of the World Bank to promote the reconstruction of Europe and economic growth all over the world; and of the General Agreement on Tariffs and Trade to stimulate world trade.

Current Actions

MULTILATERAL

Customs
Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Philippines, Oct. 1, 1980.

Health
Amendment to Article 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978.[1]
Acceptances deposited: U.S., Dec. 10, 1980; San Marino, Oct. 28, 1980; France, Oct. 6, 1980.

Judicial Procedure
Convention abolishing the requirement of legalisation for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965.[2]
Accession deposited: U.S., Dec. 24, 1980.[3]

Load Lines
Amendments to the international convention on load lines, 1966 (TIAS 6331). Adopted at London Oct. 12, 1971.[1]
Acceptance deposited: Australia, Nov. 10, 1980.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720), relating to amendments to the convention. Adopted at London Nov. 12, 1975.[1]
Acceptance deposited: Australia, Nov. 10, 1980.

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 14, 1975.[1]
Acceptances deposited: Mexico, Dec. 19, 1980; Uruguay, Dec. 17, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Uruguay, Dec. 17, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: New Zealand, Dec. 15, 1980; Poland, Nov. 20, 1980; Sweden, Nov. 25, 1980.

Patents—Plant Varieties
International convention for the protection of new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: New Zealand, Nov. 3, 1980.
Acceptance deposited: U.S., Nov. 12, 1980.

Rubber
International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Accepance deposited: Papua New Guinea, Oct. 28, 1980.
Notification of provisional application: Italy, Nov. 17, 1980; Thailand, Nov. 21, 1980.
Accession deposited: Sri Lanka, Nov. 17, 1980.

Safety at Sea
International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Approval deposited: Czechoslovakia, Aug. 18, 1980.
Accession deposited: Colombia, Oct. 31, 1980.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978.
Ratifications deposited: Liberia, Aug. 28, 1980; Yugoslavia, Oct. 31, 1980.
Accession deposited: Colombia, Oct. 31, 1980.
Enters into force: May 1, 1981.

South Pacific Commission
Agreement establishing the South Pacific Commission. Signed at Canberra Feb. 6, 1947. Entered into force July 29, 1948. TIAS 2317, 2458, 2952, 5845, 8120.
Accessions deposited: Cook Islands, Oct. 14, 1980; Niue, Oct. 13, 1980.

Space
Agreement governing the activities of states on the Moon and other celestial bodies. Adopted at New York Dec. 5, 1979.[1]
Signature: Guatemala, Nov. 20, 1980.

Telecommunications
Partial revision of the radio regulations (Geneva, 1959), as revised, relating to the aeronautical mobile (R) service, with annexes and final protocol. Done at Geneva Mar. 5, 1978. Entered into force Sept. 1, 1979; for the U.S. Oct. 22, 1980.
Approval deposited: Republic of Korea, Sept. 22, 1980.

Terrorism
Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.
Accession deposited: Burundi, Dec. 17, 1980.

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[1]
Ratification deposited: F.R.G., Dec. 15, 1980.
Signatures: Israel, Nov. 19, 1980; Egypt, Netherlands, Norway, Dec. 18, 1980; Japan, Dec. 22, 1980.

Tonnage Measurement
International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Enters into force July 18, 1982.
Acceptance deposited: France, Oct. 31, 1980.[4]

Trade
International dairy arrangement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9623.
Acceptance: Romania, Oct. 27, 1980.

Agreement of government procurement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.[2]
Acceptances deposited: Japan, Apr. 25, 1980; Norway, Oct. 24, 1980.
Ratification deposited: Finland, Oct. 24, 1980.

U.N. Industrial Development Organization
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Ratification deposited: Nigeria, Dec. 19, 1980.
Signatures: U.S.S.R., Dec. 8, 1980; Byelorussian Soviet Socialist Republic, Dec. 10, 1980; Mongolia, Dec. 22, 1980.

Wheat
Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended (TIAS 7144)). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.
Proclaimed by the President: Dec. 5, 1980.
Acceptance deposited: Japan, Nov. 26, 1980.
Protocol modifying and further extending the food aid convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions, July 1, 1979, with respect to other provisions. TIAS 9878.
Proclaimed by the President: Dec. 5, 1980.
Accessions deposited: Netherlands, Dec. 9, 1980;[5] Argentina, Dec. 11, 1980.

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions. TIAS 9878.
Proclaimed by the President: Dec. 5, 1980.
Accessions deposited: Netherlands, Dec. 9, 1980;[5] Argentina, Dec. 11, 1980.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Accession deposited: Cape Verde, Dec. 5, 1980.
Ratification deposited: Hungary, Dec. 22, 1980.

BILATERAL

Belgium
Agreement relating to air transport services, as amended (TIAS 1515, 8923, 9207). Signed at Brussels Apr. 5, 1946. Entered into force Apr. 5, 1946.
Terminated: Oct. 23, 1980.

Bulgaria
Program of cultural, educational, scientific and technological exchanges for 1981 and 1982, with final protocol. Signed at Washington Nov. 21, 1980. Entered into force Nov. 21, 1980; effective Jan. 1, 1981.

China
Agreement relating to investment guarantees, with related notes and statement. Effected by exchange of notes at Beijing Oct. 30, 1980. Entered into force Oct. 30, 1980.

Czechoslovakia
Agreement amending and extending the air transport agreement of Feb. 28, 1969, as amended and extended (TIAS 6644, 7356, 7881, 8868). Effected by exchange of notes at Prague May 12 and Nov. 7, 1980. Entered into force Nov. 7, 1980; effective Dec. 31, 1978.

Egypt
First amendment to the grant agreement of Aug. 26, 1978 (TIAS 9494), relating to housing and community upgrading for low income Egyptians. Signed at Cairo Sept. 28, 1980. Entered into force Sept. 28, 1980. TIAS 9872.

Project grant agreement, with annex, regarding university linkages. Signed at Cairo Sept. 28, 1980. Entered into force Sept. 28, 1980. TIAS 9875.

Agreement extending privileges and immunities to U.S. military personnel in Egypt in connection with joint Egyptian-U.S. Army and Air Force training exercises. Effected by exchange of notes at Cairo Nov. 3, and 5, 1980. Entered into force Nov. 5, 1980.

Finland
Memorandum of understanding for cooperation in energy research and development. Signed at Washington Nov. 6, 1980. Entered into force Nov. 6, 1980.

Germany, Federal Republic of
Convention for the avoidance of double taxation with respect to taxes on estates, inheritances and gifts. Signed at Bonn Dec. 3, 1980. Enters into force upon the exchange of instruments of ratification.

International Atomic Energy Agency
Agreement for the application of safeguards in the U.S., with protocol. Signed at Vienna Nov. 18, 1977.
Entered into force: Dec. 9, 1980.

Mexico
Agreement amending the agreement of Feb. 26, 1979 (TIAS 9419), as amended, relating to trade in cotton, wool, and manmade fiber, textiles and textile products. Effected by exchange of letters at Washington Nov. 13 and 17 and Dec. 11, 1980. Entered into force Dec. 11, 1980.

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Nov. 6, 1980. Entered into force Nov. 6, 1980.

New Zealand
Agreement amending the air transport agreement of June 24, 1964 (TIAS 5605), with exchange of letters. Effected by exchange of notes at Wellington Nov. 25, 1980. Entered into force Nov. 25, 1980.

Romania
Agreement relating to trade in wool and manmade fiber, textiles and textile products. Effected by exchange of notes at Washington Sept. 3 and Nov. 3, 1980. Entered into force Nov. 3, 1980; effective Apr. 1, 1981.

Agreement amending and extending the agreement of June 17, 1977, as amended (TIAS 8833, 8924, 9167, 9211, 9646, 9796), relating to trade in wool and manmade fiber textiles. Effected by exchange of notes at Bucharest July 22 and Oct. 31, 1980. Entered into force Oct. 31, 1980.

Switzerland
Agreement amending the memorandum of understanding of July 2 and 9, 1975 (TIAS 9032) concerning the purchase of F-5E and F-5F aircraft by Switzerland. Signed at Washington and Bern Oct. 7 and 29, 1980. Entered into force Oct. 29, 1980.

Agreement establishing rights, privileges, and immunities of the delegation to the negotiations concerning theater nuclear forces (TNF). Effected by exchange of letters at Bern Oct. 17, 1980. Entered into force Oct. 17, 1980.

Turkey
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed or insured by the U.S. Government and its agencies, with agreed minute and annexes. Signed at Ankara Oct. 24, 1980. Entered into force Nov. 24, 1980.

Treaty on the enforcement of penal judgments. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981.
Instruments of ratification exchanged: Dec. 2, 1980.

Treaty on extradition and mutual assistance in criminal matters. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981.
Instruments of ratification exchanged: Dec. 2, 1980.

Extradition treaty. Signed at Lausanne Aug. 6, 1923. Entered into force Aug. 18, 1934. 49 Stat. 2692.
Terminated: Jan. 1, 1981.

Agreement for cooperation on defense and economy in accordance with articles II and III of the North Atlantic Treaty, with related note. Supplementary agreement number 1 on defense support; supplementary agreement number 2 on defense industrial cooperation; supplementary agreement number 3 on installations, with implementing agreements (annexes). Signed at Ankara Mar. 29, 1980.
Entered into force: Definitively, Nov. 18, 1980.

United Kingdom
Agreement amending the agreement of July 23, 1977, as amended (TIAS 8641, 8965, 9722), concerning air services. Effected by exchange of notes at Washington Dec. 4, 1980. Entered into force Dec. 4, 1980; effective Apr. 1, 1980, except that annex 5 is effective Jan. 1, 1980.

Venezuela
Maritime boundary treaty. Signed at Caracas Mar. 28, 1978.
Ratifications exchanged: Washington Nov. 24, 1980.
Entered into force: Nov. 24, 1980.

Yugoslavia
Agreement amending the agreement of Oct. 26 and 27, 1978 (TIAS 9447), concerning the trade in men's and boys' wool and manmade fiber suits. Effected by exchange of notes at Belgrade July 15 and Sept. 12, 1980. Enters into force after approval by the competent authorities of both parties.

Zaire
Agreement amending the agreement for sales of agricultural commodities of May 30, 1980. Effected by exchange of notes at Kinshasa Oct. 10 and 31, 1980. Entered into force Oct. 31, 1980.

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[1] Not in force.
[2] Not in force for the U.S.
[3] With a statement.
[4] With reservation.
[5] Applicable to the Kingdom in Europe. ■

de, there are additional American tages in Iran—one with a clear citi- ship connotation—and a host of other rred obligations which make that stion a little premature in the context ny answer.

Q. Along that same line, however, on a more general scale. Yesterday President, in welcoming the hos- es, talked of swift and effective ribution in case of future incidents olving terrorism. Can you supply us h any idea of the guidelines on that ribution? For example, will there be ribution in cases which do not in- ve another government? In other rds, a free-lance terrorist, if you l.

A. I said, I think to somebody last ht, that was consciously ambiguous, t statement. Consciously ambiguous in sense that any terrorist government errorist movement that is contemplat- such actions I think knows clearly at we are speaking of.

As you parse it out in the context of ividuals or separatist movements or ependence movements, of course, the blem is substantially different and the traints and the ability to apply re- atory action is sometimes not only strained but uncertain. So I caveat it t way.

Q. Could you give us your criteria resuming arms control negotiations h the Soviet Union?

A. This is a question upon which re's been a great deal of speculation l some questions to me in my confir- tion hearings. I think President Rea- n has stated repeatedly that the ited States cannot contemplate negoti- ons or ratifications of arms control reements exclusive of consideration of conduct and the activities of the viet Union outside the sphere of arms ntrol. That's the shorthand for linkage.

I don't think it would be appropriate me today, in the context of future ategic arms limitations talks, to clarify ther precisely how that principle will applied. But clearly, that principle will applied.

Q. Perhaps in relation to that, uld you give us your judgment of de- lopments within the past week or so Poland—whether Soviet forces re- in in the state of readiness that were scribed a month ago by the Carter lministration—and what your sense at this point of the immediate future d Soviet action perhaps?

A. First let me clarify one prospect of your premised question. I think, following those early days in December when the state of readiness was somewhat heightened, there has been somewhat of a decline. That is not to suggest that Soviet forces and other Eastern European forces are not postured in such a way that they could react very, very quickly in Poland.

As you know, in early December, the North Atlantic Council of the NATO alliance suggested in very clear language that any Soviet intervention in Poland would have the gravest consequence in the context of ongoing East-West relations and that those consequences would be longstanding in time. I know of nothing today that would cause this Administration or this State Department to depart from the strong affirmation of that view.

Q. On Poland. I understand that the Polish Government has indicated, at some level at least informally, that they do still wish to request a massive aid program from the United States. What is your inclination in terms of economic assistance?

A. As you know, substantial assistance has already been provided in terms of loans for foodstuffs. I think it's important that we all recognize that the provision of either credits or cash or economic assistance to Poland today is not the answer to the problem.

We find a situation in which just debt servicing alone consumes half of the available assets. The problem involves internal reform within the Polish State, and it is up to the Polish Government and Polish authorities to work this out. That notwithstanding, we continue to feel a very important and sensitive sympathy for the people of Poland and their current plight, and we are considering what further steps could be taken.

Q. There has been a number of press reports this week about steps, or alleged steps, that you've taken to assert your predominance over the foreign policy bureaucracy. Could you—

A. I was discussing that just the other day as the President was taking his first shower in the White House. [Laughter]

Q. Could you give us your concept, or what the agreed concept is, between yourself and the President of how the National Security Council [NSC] will operate vis-a-vis the State Department so there is some clear sense of over what it is you are asserting predominance?

A. I noticed there has been a number of dope stories along the airways on this subject. Let me assure you, most of those I have read, including the most recent, are totally without basis in fact. Early on I brought some drafts which I had discussed and coordinated with Richard Allen to Mr. Meese [Richard V. Allen, Assistant to the President for National Security Affairs; Edwin Meese, III, Counselor to the President], with Mr. Allen, with a view toward starting out with a straw man. This is not an experience I haven't been through before, and we have been in the process of coordinating this draft with the Secretary of Defense, who has a very keen interest, of course, and I would anticipate very shortly those drafts will be published in the form of Presidential directives which will implement a framework, if you will, in general for the conduct of national security policymaking plus day-to-day operational matters.

In that context, when I accepted this position, I was assured by President Reagan personally that I will be his chief administrator, if you will, and I use the term "vicar"—and those of you who want to go back to the 1948 through 1951 Jackson subcommittee hearings on this subject will discover what that term "vicar" meant—for the formulation, the conduct, and the articulation of American foreign policy.

I intend that the President's mandate to me be carried out, and I am confident that it will be.

Q. Let me just follow that up. How do you perceive the NSC, then, operating? As primarily resolving disputes between this building and the Pentagon?

A. I perceive that the interdepartmental mechanisms will prepare for the National Security Council, as constituted by the act and the amendments of 1949 and whatever changes President Reagan may care to apply to that composition, to present options for decisions by the President within the forum of the National Security Council.

Q. I wonder what your plans are for opening up contact, not only with the Soviet Union but with the key countries in the Middle East. Do you have any travel plans to go either to Moscow or to Israel or Egypt or to Saudi Arabia?

A. I think it's a little too soon for me with respect to East-West, the U.S.-Soviet, to predict when there will be either meetings by myself or, more importantly, by President Reagan. There are a number of issues extant on the horizon today which I think need clarification before a constructive high-level dialogue would be justified.

On the other hand, having said that, it's essential that we maintain day-to-day and hourly communications with the Soviet Union. We're doing that through our regularly established diplomatic channels, and I intend to continue to exercise it. I've already on several key issues.

With respect to the Middle East in general, I have no finite plans for my own travel there, but I do anticipate—as you know, we have a spring round in Europe; we have a number of watch pots, not the least of which was already touched upon here, Poland, which could justify earlier travel.

I look forward to visiting this hemisphere, Africa, the Middle East, and, of course, Asia and Europe as well.

Q. A few moments ago you talked about the President's statement yesterday at the White House, being framed conspicuously ambiguous, and then you went on to talk—

A. No. Consciously.

Q. Consciously ambiguous.

A. It was conspicuously appropriate. [Laughter]

Q. And you went on to say, so that, the words you used "terrorist organizations or terrorist governments would take heed." The phrase "terrorist government" I don't think has any precedent, does it? And my question is, has there been discussion in the State Department and the top level of the Administration of being able to brand governments like Iran terrorist governments with both diplomatic and economic consequences that would flow from that branding?

A. Of course, there have been such discussions, and they go on right now.

Q. Could you amplify it?

A. I think that is the criteria for a government that sponsors or undertakes or participates in terrorist activities. That is a nice handle to put on it—a terrorist government. And, as you know, there are public laws today passed by the Congress which prohibit the provision of armaments to terrorist governments.

So this is not a new term in Washington, and I think it's been applied sometimes in a very generous way and sometimes perhaps a less than generous way.

Q. In terms of your reference earlier to your policy toward the shipment of arms to Iran, my recollection is that the earlier Administration had taken the position that that which was in the pipeline, that which Iran had bought and paid for before the seizure of the hostages, would be considered part of the frozen assets; and, therefore, would be released.

Now you seem to be deliberately changing that policy. Do I understand that correctly? How much do you understand is involved?

A. The figures are not really quite clear, if you're talking FMS [foreign military sales] cases, and we're trying to dig that out, and it's taking some work. But it does not mean that the arms themselves have to be provided. If, in the ultimate conclusion of this thing, we feel the obligations incurred should be fulfilled, they will be fulfilled in my book by selling these arms and providing the cash to Iran. Selling them elsewhere. Some of them have already been sold, incidentally.

Q. The Carter Administration had the policy of abiding by the conditions and terms of SALT II even though it was not ratified and said—and he said he hoped and expected the Soviet Union would do the same thing. Is that the policy of the Reagan Administration as well?

A. We are in the process of reviewing this obligation which President Carter assumed in the context of our new responsibilities and ongoing Soviet activities around the globe. We would certainly hope that, in the period between now and the time a decision is made or a policy is adopted—and this involves not only Soviet conduct worldwide, it involves the national security interests of the American people as we look at SALT II and SALT I and the potential future defense needs of this country. But I would hope that in the meantime, the Soviets would do nothing to exacerbate the kind of mutual restraint both sides should pursue.

Q. Including SALT II?

A. The Soviets, I leave that up to the Soviets to talk to, and they have recently, as I think you know.

Q. As you know, there has been talk this week about the Middle East policy. First of all, how much can you tell us about that? How do you reconcile the State Department's definition of the PLO [Palestine Liberation Organization] with President Reagan's definition? Do you expect to see the time when the Reagan Administration might talk to the PLO, and do you expect the Reagan Administration to ever recognize Jerusalem as the capital of Israel?

A. Let me take that mind-bogglingly extensive sermon, which it would take, and compress it into several responses. First, President Reagan has stated—every American President since 1975 has stated—that we will neither recognize nor negotiate with the PLO for so long as they refuse to recognize the right of the State of Israel to exist, for so long as they refuse to accept the provisions of 242 and the other U.N. resolution. And having said that, I think that's a sufficient answer for a large portion of it.

With respect to Jerusalem as an entity, for 30 years, I think, the United States has felt that this is a matter that has international implications, and it should be a city that is not divided by barbed wire or imposed unilateral restraints. We don't welcome unilateral action that would make this kind of an international consensus impossible. It is the seat, after all, of three of our world's greatest religions—Islam, Christianity, and Judaism—and we would hope that ultimately, those hopes that we have had for Jerusalem will be realized with patient participation by all the parties involved.

Q. On Afghanistan, [French President] Giscard d'Estaing has suggested a conference to discuss nonintervention in Afghanistan as opposed to the status of Afghanistan. Do you regard this as a promising approach?

My second question concerns the grain embargo. Mr. Block [John R. Block, Secretary of Agriculture] today said he urged and desired it be lifted immediately. I wonder what your views are on that.

October 10
Los Angeles City Council proclaims October 10 "Republic of China Day." (Proclamation formally approved by the City Council October 13.)

October 11–28
Vice Minister of National Defense Xiao Ke leads a delegation representing the PLA military academies to U.S. to tour military education facilities.

October 14
Chairman of the Guangzhou Revolutionary Committee Yang Shangkun notifies Los Angeles Mayor Thomas Bradley of the nullification of preliminary agreements for establishing sister city ties in protest of the October 10 proclamation.

October 15
Vice Minister of Foreign Affairs Zhang Wenjin formally protests October 2 unofficial agreement on privileges and immunities between the AIT and Taiwan's CCNAA.

October 16
Vice Minister Xiao meets with Secretary of Defense Brown in Washington.

October 17–22
U.S. Trade Representative Askew travels to China to consult with the Chinese on U.S. trade policy and investment issues.

October 18–
November 7
PLA marksman team visits U.S. to compete in bilateral and international shooting matches.

October 20
Trade Representative Askew meets with Minister of Foreign Trade Li Qiang in Beijing.

October 20–
November 6
A gubernatorial delegation, led by Guangdong Governor Xi Zhongxun, visits U.S.; delegation members include Governors Lu Dadong (Sichuan Province), Ma Xingyuan (Fujian Province), Chen Puru (Liaoning Province), and Song Ping (First Secretary of Gansu Provincial Party Committee).

October 21
Trade Representative Askew meets with Vice Premier Gu Mu in Beijing.

October 22
Ambassador Woodcock and Minister of Foreign Trade Li Qiang sign long-term U.S.-China grain trade agreement in Beijing.

October 23
Governor Xi Zhongxun and delegation meet with National Security Adviser Brzezinski in Washington to discuss strategic issues and Asian regional questions; group also meets with Assistant to the President for Intergovernmental Affairs Eugene Eidenburg.

October 24
Governor Xi Zhongxun and his delegation meet with Assistant Secretary of State for East Asian and Pacific Affairs Holbrooke and Deputy Secretary of State Christopher in Washington to discuss U.S.-China relations.

October 25–
November 3
Senator Larry Pressler (South Dakota) leads delegation of businessmen to China.

October 25–
November 9
China holds national trade exhibition in Chicago.

October 27–
November 4
Assistant Secretary of the Treasury Department Donald Lubick leads delegation from the Departments of Treasury, Energy, and Commerce to China.

October 30
Ambassador Woodcock and Chinese Vice Foreign Minister Zhang Wenjin sign OPIC agreement in Beijing.

October 31
Assistant Secretary Lubick and his delegation meet with Minister in Charge of the State Energy Commission Yu Qiuli to discuss Chinese energy situation.

November 5
Ministry of Foreign Affairs issues a statement "on the occasion of Mr. Reagan's election as President of the United States," saying "we hope and expect that the new United States Administration will adhere to the principles set forth in the Shanghai communique and the communique on the establishment of diplomatic relations between China and the United States so that Sino-American relations may continue to progress and grow stronger."

November 8–27
Deputy Director of Civil Aeronautics Administration of China (CAAC) Li Shufan leads delegation to U.S.; group meets with State Department, Federal Aviation Administration, and Civil Aeronautics Board officials to discuss administrative and technical arrangements for implementing the U.S.-China civil aviation agreement.

November 9–23
Commissioner of Patents and Trademarks of the Department of Commerce Sidney Diamond leads a delegation to China to study China's new patent law and to assist in China's efforts to develop a new patent system.

November 11–26
Director of the American and Oceanian Affairs Department of the Ministry of Foreign Affairs Han Xu visits U.S. to attend the Williamsburg X conference (Nov. 13–16), to consult with State Department officials, and to meet with prominent American public figures.

November 12–19
State trade mission, led by Governor James Rhodes (Ohio), visits Guangzhou, Shanghai, and Wuhan.

November 15–21
Under Secretary of Commerce Robert Herzstein leads delegation to Beijing to open U.S. National Trade Exhibition (Nov. 17–28).

November 17
Director Han Xu holds discussions with Under Secretary of State Newsom, Assistant Secretary for East Asian and Pacific Affairs Holbrooke, Assistant Secretary for Inter-American Affairs William Bowdler, Deputy Assistant Secretary for Near East and South Asian Affairs Peter Constable, and other senior officials of the Department of State.

November 21–
December 16
Minister of the Fifth Ministry of Machine Building Zhang Zhen leads a China North Industries Corporation (NORINCO) delegation to U.S.; delegation tours major U.S. cities and visits factories.

December 1–13
Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logstics Robin Pirie leads Department of Defense delegation to China, returning the visit of the PLA logistics delegation.

December 6–28
China holds national trade exhibition in New York.

December 7
Pan American airways inaugural flight lands in Beijing.

December 9–20
Defense Mapping Agency delegation, headed by Deputy Director for Management and Technology Owen Williams, visits China.

December 10
Vice President of the Chinese Academy of Sciences Qian Sanqiang, Vice President of the Chinese Academy of Social Sciences Mei Yi, and Assistant Director for International Programs of the National Science Foundation Harvey Averch sign basic sciences protocol in Washington; provides for cooperative research between U.S. and China in several fields of basic science encompassing both natural and social sciences.

December 15–17
Chief Textile Negotiator H. Reiter Webb and Deputy Director of the Export Department of the Ministry of Foreign Trade Dai Jie lead the first round of consultations under the U.S.-China Textile Agreement in Washington. Teams fail to agree upon a level for Chinese wool sweater exports to the U.S.

December 15–19
Secretary of Labor Ray Marshall leads a delegation to China; meets with Director General of the State Bureau of Labor Kang Yonghe; Vice Premier J. Pengfei.

December 27–30
Representative Stephen J. Solarz (New York) of the Asian and Pacific Subcommittee of the House Foreign Affairs Committee leads delegation to Beijing. Representative Joel Pritchard (Washington) accompanies the delegation. ■

Orderly Departure Program for Vietnamese

DEPARTMENT STATEMENT,
DEC. 8, 1980 [1]

For a number of months, on behalf of the U.S. Government, the U.N. High Commissioner for Refugees (UNHCR) has been negotiating with S.R.V. [Socialist Republic of Vietnam] authorities on an orderly departure program for those persons in Vietnam who wish to leave Vietnam legally for the United States and who meet the provisions of our immigration and refugee law. Those negotiations have resulted in an agreement, and departures are expected to begin December 11.

Under its provisions, the UNHCR's U.S. representative went to Ho Chi Minh City in early November to begin interviewing these persons. A considerable amount of preprocessing by mail from people in Vietnam and their relatives and sponsors in the United States had already been carried out by the Orderly Departure Program Office of the American Embassy in Bangkok so that we and the Vietnamese authorities had agreed on a list of over 1,500 persons to be interviewed in Ho Chi Minh City. Following this interview and a medical examination, and then a final interview with an American consular officer, we would expect most and possibly all these 1,500 persons to be authorized entry into the United States.

The UNHCR is utilizing existing weekly international flights between Ho Chi Minh City and Bangkok for their transportation. Approximately 1,000 persons could leave Vietnam each month under this program, assuming the list of names of those who are permitted to leave Vietnam and meet our program critera can be enlarged.

The U.S. views the Orderly Departure Program as a humanitarian issue which is unrelated to the political question of normalization of relations between our two countries.

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[1] Read to news correspondents by Department spokesman John Trattner. ■

dom and the United States of America recalled previous declarations regarding acts of violence and terrorism including those committed against diplomats and diplomatic missions. They noted with grave concern the suffering inflicted on innocent people, as well as the negative impact of the continuation and spread of such acts on the social structure and democratic institutions of individual countries and on international relations. They vigorously condemned these terrorist acts as particularly odious, regardless of their causes or objectives. They agreed unanimously on the necessity, in accordance with the legislation of each country, for close inter-governmental cooperation and effective measures to prevent and combat terrorism.

With particular reference to Iran, they expressed their continued deep concern over the flagrantly illegal holding of United States diplomatic personnel and property and repeated their call upon the Iranian authorities to release immediately and unharmed the American hostages.

MINUTES EXTRACTS

Economic Cooperation and Assistance Within the Alliance

Reaffirming their attachment to the spirit of article 2 of the North Atlantic Treaty, Ministers reviewed the particular problems faced by the economically less advanced member countries in the light of the difficult world conditions currently being experienced. They noted a report by the Secretary General on the progress so far achieved through appropriate bilateral and multilateral channels in improving the economic situation in those member countries. Following the political initiatives taken since 1978, substantial results have been obtained, but Ministers underlined that continued political support was essential for solving the longer term economic problems of these countries, which would contribute to the consolidation of Alliance strength and solidarity.

"Science for Stability"

Ministers noted that concrete proposals had now been developed to implement the "Science for Stability" programme, whose establishment they endorsed last June, to strengthen the scientific and technological capabilities of the less developed member countries, and that these proposals would require the provision of adequate funding over the next five years.

The Situation in the Mediterranean

Ministers noted the report on the situation in the Mediterranean prepared on their instructions and underlined again the necessity of maintaining the balance of forces in the whole area. They requested the Council in permanent session to continue to consult on the question and submit a further report at their next meeting.

Equipment Cooperation

Ministers examined a report by the Conference of National Armaments Directors and noted the encouraging progress being made both in periodic armaments planning and in cooperative projects for the development and production of defence equipment. They welcomed the efforts being undertaken under the transatlantic dialogue to initiate dual production projects and promote the study and introduction of families of weapons. Such a transatlantic dialogue presupposes the development of cooperation between European countries of the Alliance. Emphasizing the important contribution which standardization can make both to military effectiveness and a better use of resources, they welcomed the standardization achieved in respect of the calibres for infantry small arms.

Noting the emphasis being placed on using the technological potential of Alliance members to the best advantage for the development of defence equipment, Ministers urged that continuing attention be paid to assisting the less industrialized member nations. In this context they welcomed the recent leasing by the United States to Turkey of military industrial equipment.

Recognizing the importance of a coordinated air defence programme to the defensive posture of the Alliance, Ministers welcomed with satisfaction the establishment for this purpose of a NATO Air Defence Committee under the Council.

Civil Emergency Planning—Commitment of Merchant Ships and Civil Aircraft by Member Countries

Ministers took note of progress made in this field and endorsed the action being taken to improve the state of contingency planning.

Committee on the Challenges of Modern Society

Ministers noted the annual progress report by the Secretary General on the work of the Committee on the Challenges of Modern Society (CCMS). They received a report on the high-level meeting held in Brussels on 24th November 1980 when seven Ministers of the Environment and other senior officials exchanged views on the environment and national planning, the problems posed by the utilization of diversified energy sources and the environmental management of chemicals.

Ministers took note of the completion of a major pilot project concerned with reducing the scale of emissions of sulfur oxide gases into the atmosphere. They underscored the necessity for wide diffusion of the Committee's project reports and expressed the hope that recommendations be rapidly integrated into national environmental policies. In addition, they noted with interest the decisions to hold symposia next fall on technology assessment and hazardous wastes

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22d Report on Cyprus

MESSAGE TO THE CONGRESS, NOV. 20, 1980[1]

In accordance with the provisions of Public Law 95-384, I am submitting the following report on progress made during the past 60 days toward a negotiated settlement of the Cyprus problem.

As was noted in my last report, intercommunal talks between representatives of the Greek and Turkish Cypriots resumed on August 9 under the aegis of United Nations Special Representative Ambassador Hugo Gobbi. Systematic substantive examination of the essential problems dividing the communities began on September 16. The parties have been examining the following general subjects, on the basis of one topic each meeting:

(A) Resettlement of Varosha under United Nations auspices;

(B) Promotion of goodwill, mutual confidence and normal conditions;

(C) Constitutional problems;

(D) Territorial divisions.

Meetings were held on September 24, October 1, 8, 15, and 31 and November 5 and 12. We are encouraged by the fact that the negotiators at these sessions have engaged in serious examinations of their differences and are seeking mutually acceptable solutions. The negotiating atmosphere between the parties has remained congenial.

I am hopeful that the good start achieved by these meetings will develop into sustained negotiations leading to a comprehensive solution. Serious, sustained talks provide the best opportunity for reaching a just and lasting settlement of the issues that face Cyprus.

Sincerely,

JIMMY CARTER

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[1] Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Frank Church, Chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Nov. 24, 1980). ■

as well as strengthening the CCMS fellowship programme.

Ministers noted that the recent plenary session of the Committee in the context of a general review of projects currently in progress devoted particular attention to seismology and earthquake loss reduction. Ministers agreed that recent tragic events in Italy gave additional importance to this project.

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[1] Press release 348 of Dec. 16, 1980. ■

President Meets With Chancellor Schmidt

Chancellor Helmut Schmidt of the Federal Republic of Germany visited the United States November 18-21, 1980. Following is the text of a White House statement released at the conclusion of the Chancellor's meeting with President Carter on November 20.[1]

President Carter and the Chancellor of the Federal Republic of Germany, Helmut Schmidt, held a thorough conversation in Washington, November 20, during the Chancellor's visit to the United States, November 18 through 21. The President hosted a White House luncheon for the Chancellor and Foreign Minister Hans-Dietrich Genscher on November 20 in which Secretary of State Muskie, National Security Adviser Brzezinski, and senior officials also participated.

The conversation between the President and the Chancellor covered a wide range of political, security, and economic issues of mutual interest to the two countries. The President and the Chancellor agreed on the necessity of continuing these close consultations, including during the transition period, in order to assure continuing full coordination of the policies followed by the two countries on major international issues.

In their conversation the President and the Chancellor agreed on the continued importance of improving NATO's defense posture and of efforts aimed at reaching arms control agreements with the Soviet Union and its Warsaw Pact allies in order to insure a stable military balance.

In their discussion of East-West relations, both sides welcomed the continuation of the CSCE [Conference on Security and Cooperation in Europe] process at the Madrid review conference, to which both governments remain committed. In this context they stressed the right of each country, irrespective of its political or social system, to resolve its problems in free exercise of its sovereignty and without intervention from any quarter. Moreover, they reiterated, with reference to the resolution of the General Assembly of the United Nations, their regret that there is no evidence of Soviet readiness to withdraw its forces from Afghanistan and to seek a political solution of the Afghanistan crisis.

The President and the Chancellor discussed the latest developments in the Middle East. They reviewed the ongoing negotiations in the Camp David framework and stressed the urgent need for progress toward a comprehensive peace settlement.

Secretary Muskie and Foreign Minister Genscher also held a separate meeting earlier in the day.

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[1] Text from Weekly Compilation of Presidential Documents of Nov. 24, 1980, which also contains the President's and Chancellor's remarks to reporters on the South Lawn of the White House following their meeting. ■

Convention on Elimination of Discrimination Against Women Sent to Senate

MESSAGE TO THE SENATE, NOV. 12, 1980[1]

With a view to receiving the advice and consent of the Senate to ratification (subject to certain qualifications and possibly to appropriate implementing legislation), I transmit herewith a copy of the Convention on the Elimination of All Forms of Discrimination against Women. The Convention was adopted by the United Nations General Assembly on December 18, 1979 and signed on behalf of the United States of America on July 17, 1980. The report of the Department of State with respect to the Convention is also transmitted for the information of the Senate.

Adoption of this Convention by the General Assembly at the conclusion of its 34th Session in December, 1979, was the culmination of a negotiating process that lasted several years. Throughout this process, the United States was an active participant and a vigorous supporter of a comprehensive and effective international instrument to achieve the elimination of discrimination against women. Although certain earlier human rights treaties relate to the rights of women, none of these previous instruments attempted to deal with women's rights in as comprehensive a manner as this Convention. The wide scope of the Convention is particularly noteworthy and commendable in that it calls upon States Parties to take "all appropriate measures" to eliminate discrimination against women in such diverse fields of human endeavor as politics, law, employment, education, health care, commercial transactions, and domestic relations. Moreover, the Convention establishes a Committee on the Elimination of Discrimination against Women to review periodically the progress being made by States Parties.

Ratification of the Convention on the Political Rights of Women in 1976 was a recent express affirmation by the Executive and Legislative branches of the U.S. Government that human rights in general and women's rights in particular are matters of legitimate concern to the international community and are not subjects with exclusively domestic ramifications. U.S. ratification of the Convention at hand, the newest of the international human rights instruments, would be consistent with this affirmation and would make clear at home and abroad the commitment of the United States to eliminte discrimination against women.

The great majority of the substantive provisions of the Convention are consistent with the letter and spirit of the United States Constitution and existing laws. However, certain provisions of the Convention raise questions of conformity to current United States law. Nevertheless, the Departments of State and Justice and other interested agencies of the Federal Government concur in the judgment that, with the adoption of certain qualifications and, possibly, appropriate implementing legislation, there are no constitutional or other legal obstacles to United States ratification. The report of the Department of State on the Convention and an attached legal memorandum describe the provisions of the Convention and identify those areas of concern that will require further discussion and treatment.

This Convention is a significant new element in the development of the international law of human rights. By giving its advice and consent to ratification of the Convention, the Senate will confirm our country's traditional commitment to the promotion and protection of human rights and will enhance our nation's ability to achieve progress throughout the world. I hope that all States will become Parties to the Convention, and that it will be applied universally. I recommend that the Senate give early and favorable consideration to this Convention.

JIMMY CARTER

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[1] Text from Weekly Compilation of Presidential Documents of Nov. 17, 1980. ■

For a while these worked ideally. We commanded the primary influence because the United States accounted for 60% of the world's industrial production and 50% of its monetary reserves. But this is no longer the case. Only 30% of the world's industrial production and less than 7% of its monetary reserves are ours today. Western Europe and Japan have emerged as major and competitive economic powers. Cartels, such as the Organization of Petroleum Exporting Countries (OPEC), drastically rewrote the rules of global economy. And a new bloc of nations, the Third World, emerged demanding a fairer share and a greater voice in the world economy.

It is this new bloc, comprised of the developing countries, that commands majorities in the United Nations and demands attention to its own priority—a new international economic order. It wants systemic changes in the world monetary system, greater resource transfers from the industrialized countries, better access to technology, and a greater voice in international economic decision making.

The developing countries' demands do not always make economic sense, but there is a ring of justice in their call. After all, they comprise a substantial majority of the world's population but receive only 15% of the global income. Yet they are vitally important to the industrialized countries. The dependence of the North on the oil supplies from the South only dramatizes but does not complete the picture of how mutually dependent—indeed interdependent—we have become. And the dynamics of this interdependence also imply a condition of mutual vulnerability which begs for intensive search and drastic resolution of the outstanding differences.

The welfare, progress, and economic stability of these developing countries have become critically important to the West and to the United States. Our trade with the Third World surpasses that with Western Europe, Japan, and the Soviet Union. The United States sells one-third of its exports to developing nations, and they supply 42% of our imports. Approximately 1 million American jobs depend on U.S. exports to these countries, as does one quarter of our agricultural productivity. We have more than $40 billion in investment riding on the fortunes of the developing world.

This is why we press continuously, in a spirit of compromise, for agreement in the current round of global negotiations. And this is again why the United Nations has become an indispensable forum for the rich as well as the poor countries to fashion international institutions that are capable of responding to the growing global economic crises.

Global 2000 Report

This year saw the publication of two important studies dealing with our future. These studies, the Brandt Commission's *Programme for Survival* and the *Global 2000 Report to the President of the United States*, are not for the faint-hearted. They both diagnose the current state of global economy and ecology as dismal. Their prognoses are identical—the worst is yet to come.

I could cite dozens of other studies. They all point to the same conclusion, and they all urge unprecedented global cooperation as the only way to avoid global catastrophe. Yet, I am struck by the fact of how the glaringly obvious has failed to penetrate our collective psyche, how oblivious we continue to remain in the face of the clear and present danger that world hunger and poverty present to our countries, to our economic prosperity, and to our freedoms.

We are hurtling toward a future world population of 2½ billion more

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U.S. Participation in the U.N., 1979

MESSAGE TO THE CONGRESS, JAN. 7, 1981[1]

I am pleased to transmit to the Congress this report of the activities of the United States Government in the United Nations and its affiliated agencies during calendar year 1979.

The international crisis created by the seizure of the American Embassy in Tehran and the taking of Americans hostage overshadowed much of the 34th General Assembly. In this atmosphere, the United States directed its efforts in the United Nations toward supporting the work of the Secretary General and the Security Council to resolve this breach of international law. The Secretary General brought the issue to the Council which unanimously called upon the Government of Iran to release the hostages. Ironically, after three years of negotiations, the Assembly adopted by consensus the Convention Against the Taking of Hostages. This Convention affirms that there is no valid excuse for the taking of hostages and that there are no circumstances under which the seizure of hostages can be condoned.

Both the Security Council and the General Assembly focused international attention on the continued military occupation of Kampuchea by Vietnam. Of particular note during 1979 was the Security Council's termination of sanctions against Southern Rhodesia, a result of the agreement by the Lancaster House Conference.

On economic issues, UN actions ranged from highly technical meetings such as those on commodities, to continuing the work of the International Monetary Fund and to political discussions in the General Assembly on the future of international economy and development.

These discussions, attended by almost all UN members, saw a continuous, intense, and sometimes acrimonious series of exchanges between the developed and developing countries on the organization of the international economic relations, and the effects of both on economic development. This resulted in the decision by the 34th General Assembly to hold further meetings on these issues. We believe that negotiations of this kind and at this level are important and necessary to relations between developed and developing countries. However, whether the U.S. participates in these global negotiations will depend on how effectively we use but do not intrude upon the agencies of the UN and other international organizations.

The United States continues to monitor closely UN expenditures and programs and supports the Secretary General's efforts to limit budget growth.

Our participation in the United Nations and its related agencies and programs is an integral part of our foreign policy. As this report makes clear, the United Nations system of organizations is important and sometimes indispensable to the achievement of many of our central foreign policy objectives. This report should contribute to American understanding of and support for the United Nations and to the continuing active and constructive role of the United States.

JIMMY CARTER

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[1] Text from Weekly Compilation of Presidential Documents of Jan. 12, 1981. ■

people than inhabit the Earth today, most of them destined to live in the poorest countries, with per capita incomes hovering at a level of abject poverty, with arable land running out, with forests receding, fresh waters disappearing, and deserts expanding.

Today, one-third of humanity exists in the absence of adequate shelter or food, ill and idle, with no glimpse of a better future and enraged by the injustice of it all. This creates a dangerous global climate—a climate where oceans of suffering breed hurricanes of hate, lashing out with destructive force not only where they are spawned but wherever they reach as well.

In this shrinking world of ours, distance no longer guarantees safety. The crises we face do not respect national boundaries or ideological frontiers. Let me select a few pertinent projections of the future.

- In the next 20 years there will be 2½ billion more people.
- The food deficit for the Third World alone will hover around 75 million metric tons by the year 1990, drawing down global food reserves and leading to worldwide competition for food and to a rapid rise of price levels.
- The search for alternative sources of food will cause drastic depletion of fishery resources.
- Increased fossil fuel consmption and the greater use of fluorocarbons for this growing population will correspondingly raise atmospheric carbon dioxide and will cause ozone depletion, both of which entail serious climatic changes—in turn affecting our ability to produce food.
- The inability of the developing countries to meet the growing demands—for food and energy alone—of their growing populations will deplete their foreign exchange reserves, raise their debts, in turn lead to defaults and global monetary instability.
- Growing scarcities as well as the growing demands of more and more people will place unacceptable strains on the stability of many developing countries, leading to frequent political upheavals threatening every nation's security.

In a world where billions are subjected to the degradation of poverty—abject poverty—the struggle for survival will become the paramount human endeavor. Abject poverty dehumanizes because it subjects life to the exigencies of mere existence. It is a condition in which people exhaust their energies at the grueling task of just being, with never a chance of becoming. It is a condition in which people squander their energies in the fight for mere physical survival, with their talents unchallenged, their human potential unfulfilled.

Where the basic human needs of food, health, and shelter remain the sole object of unfulfilled wants, no desire can emerge for liberty and no strength is left to protect rights. Where the struggle for liberation from daily necessities overwhelms the necessity for freedom, neither basic human needs nor human rights will ever be satisfied. And in a world where tyranny becomes the order of things, no nation, however prosperous and free, can long remain an island of virtue.

To confront these growing threats to global security, each nation, each government must do its share. None of the problems can be tackled by one country alone, and no country alone can long endure to carry the principal burden.

It is clear that the followup to the *Global 2000 Report* will require an extended program of cooperative interaction within the worldwide system of international organizations. The United Nations is the ideal focal point for strategists in formulating an agenda which could deflect projected ecological, economic, and social catastrophes in the coming millennium. The very nature of the entity that is the United Nations lends it to the creative long-range effort which could bring to fruition the massive economic development that the current world environment demands. Yet we can no longer attack problems in a piecemeal fashion.

It will not be enough merely to ask for increased funding from the world's financial institutions. We must evolve a precise strategy that will coalesce hardware with human resources, that points toward a convergence of intellectual and technological tools which concentrate our collective efforts in problem solving for both developed and developing nations.

The Challenges of Change

East and West, North and South, our present and our future—they are symbols of our concerns. Pitted against each other in dynamic tension, they reveal the promise and possibilities of change.

Will we control this change or will we permit events to control our lives? Can we allow the prognoses of the *Global 2000 Report* to come true? Can we resign ourselves to an unbridled East-West conflict and prepare to live in a world where the structures of global cooperation will have been replaced by the worst kind of international struggle for the survival of the unfittest? I need not posit the answer.

We Americans have never feared change. To the contrary, I sincerely feel that most of the change for the better that is taking place today has been prompted by our very presence in the world, our ideals, our ways, and our responses. We created the United Nations not to put the brakes on change but to design our future.

In a month or so, I will be leaving my post as Assistant Secretary of State in charge of U.N. affairs. I am proud to have been associated with an American foreign policy that has steadfastly supported the United Nations. To be sure we saw changes coming, yet we did not fear them. We understood the changes taking place in the United Nations, and we tried to steer them in a direction consistent with our values and beliefs. So as I leave office, I am confident that the seeds of our ideals that we planted with the United Nations 35 years ago will grow into a bountiful harvest—as long as we have the will and foresight to cultivate with care and compassion this fragile structure of global cooperation. ■

CHRONOLOGY

December 1980

Events pertaining to Iran may be found on pages 5 and 9.

December 3

Secretary Muskie transmits ninth semiannual report on Implementation of the Helsinki Final Act covering the period June 1 through November 30, 1980, to Chairman Dante Fascell of the Commission on Security and Cooperation in Europe (CSCE).

December 5

Pending clarification of the role of Salvadoran security forces in the killing of three U.S. nuns, U.S. suspends new military and economic aid to El Salvador.

A factfinding mission, led by William D. Rogers, former Assistant Secretary for Inter-American Affairs, departs for El Salvador to investigate the killings.

December 9

U.S.-International Atomic Energy Agency (IAEA) treaty permitting IAEA to safeguard civil nuclear facilities in the U.S. enters into force.

Secretary Muskie departs for Brussels for NATO ministerial meeting (Dec. 11-12) and departs for London on Dec. 12 for talks with senior British officials Dec. 12-14.

December 11

The following newly appointed Ambassadors presented their credentials to President Carter: Jorge Mario Eastman of Colombia; Col. Federico Edmundo Poujol of Honduras; Dr. Moteane John Melamu of Botswana; Fernando SCHWALB Lopez Aldana of Peru; and Kubulan Los of Papua New Guinea.

Semiannual NATO ministerial meeting held in Brussels Dec. 11-12.

December 17

U.S. and Israel reach final settlement on U.S.S. *Liberty* claim.

December 18

Former Soviet Prime Minister Aleksei N. Kosygin dies.

December 19

U.N. Security Council unanimously votes to call upon Israel to adhere to the provisions of the Geneva convention in its conduct in territories occupied in 1967 and to allow the expelled West Bank officials to return to their homes. ■

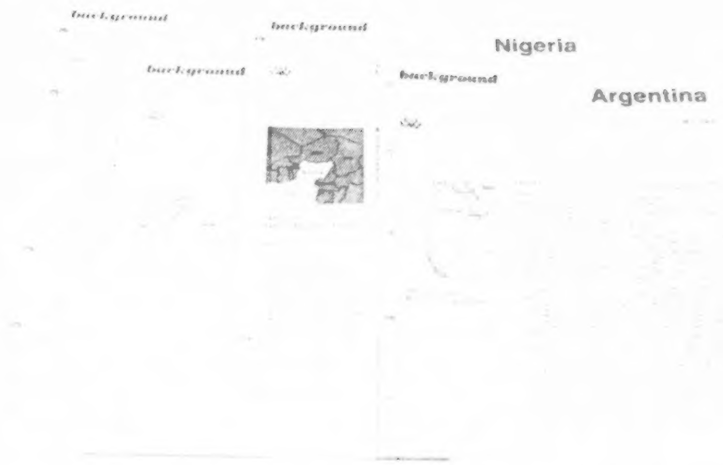
PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*332	12/1	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS) working group on safety of navigation, Dec. 17.
333	12/4	Muskie: address before Landon lecture series, Kansas State University, Manhattan, Kan.
*333A	12/8	Muskie: question-and-answer session following Kansas address.
334	12/4	Muskie: address before African-American Historical and Cultural Society's 25th Anniversary, San Francisco.
*335	12/4	Muskie: remarks to Overseas Writers Club, Dec. 3.
336	12/5	Muskie: address before University of Southern California's Conference on World Hunger and Refugees, Los Angeles.
*336A	12/9	Muskie: question-and-answer session following Los Angeles address.
337	12/5	Muskie: address and question-and-answer session at student union Kansas State University, Manhattan, Dec. 4.
*338	12/8	U.S.-U.K. air agreement expanded, Dec. 4.
*339	12/9	Muskie: news conference at Davidson Conference Center, University of Southern California, Los Angeles, Dec.5.
*340	12/10	Muskie: interview with European correspondents at ICA, Dec. 1.
*341	12/11	SCC, subcommitee on ocean dumping, Jan 14.
*342	12/11	Muskie: remarks with reporters, Brusels, Dec. 10.
*343	12/12	Muskie: remarks to reporters, Brusels, Dec. 11.
*344	12/15	Muskie: remarks at the conclusion of theNorth Atlantic Coucil Meeting, Brussels, Dec 12.
*345	12/15	U.S. Organizatin for the InternationalRadio Consultative Committee (CCIR), studygroup 5, Jan. 15.
346	12/15	CCIR, study grup 6, Jan. 16.
*347	12/15	U.S., Yugoslavi amend textile agreemet, July 15 and Sept. 12.
348	12/16	Final communique, North Atlantic Council, Dec. 11-12.
*349	12/17	Muskie: interview for BBC radio, London, Dec. 13.
*350	12/17	Muskie: interview on NBC-TV's "Today Show."
351	12/19	U.S., Canada joint statement on the technical meeting on dioxin.
352	12/22	Muskie: interview on NBC-TV's "Meet the Press," Dec. 21.
*353	12/22	Dept. of State celebrates its 200th anniversary.
*354	12/24	Muskie: statement on ABC-TV's "Good Morning America."
355	12/24	U.S. examines Canadian air pollution legislation
*356		[Not issued.]
*357	12/31	Advisory Committee on Oceans and International Environmental and Scientific Affairs—Antarctic section (partially closed meeting).
*358	12/31	Henry L. Kimelman sworn in as Ambassador to Haiti (biographic data).
*359	12/31	SCC, SOLAS, working group on radiocommunications, Jan. 15.
*360	12/31	Advisory Committee on International Investment, Technology, and Development, working group on preparations for the U.N. Conference on New and Renewable Sources of Energy (UNCNRSE), Jan. 14.
*361	12/31	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, Jan. 18.
*362	12/31	CCIR, study group 9, Jan. 15.
*363	12/31	Jack Robert Binns sworn in as Ambassador to Honduras (biographic data).
*364	12/31	Harry W. Shlaudeman sworn in as Ambassador to Argentina (biographic data).
*365	12/31	Edwin Gharst Corr sworn in as Ambassador to Peru (biographic data).

*Not printed in the BULLETIN. ■



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the Foreign Relations Department of the CPSU Central Committee. Kudachkin suggests that Handal travel to Vietnam to seek arms and offers to pay for Handal's trip.

Continuing his travels between June 9 and 15, Handal visits Vietnam where he is received by Le Duan, Secretary General of the Vietnamese Communist Party; Xuan Thuy, member of the Communist Party Central Committee Secretariat; and Vice Minister of National Defense Tran Van Quang. The Vietnamese, as a "first contribution," agree to provide 60 tons of arms. Handal adds that "the comrade requested air transport from the USSR."

From June 19 to June 24, 1980, Handal visits the German Democratic Republic (G.D.R.), where he is received by Hermann Axen, member of the G.D.R. Politburo. Axen states that the G.D.R. has already sent 1.9 tons of supplies to Managua. On July 21, G.D.R. leader Honecker writes the G.D.R. Embassy in Moscow that additional supplies will be sent and that the German Democratic Republic will provide military training, particularly in clandestine operations. The G.D.R. telegram adds that although Berlin possesses no Western-manufactured weapons—which the Salvadoran guerrillas are seeking—efforts will be undertaken to find a "solution to this problem." (NOTE: The emphasis on Western arms reflects the desire to maintain plausible denial.)

From June 24-27, 1980, Handal visits Czechoslovakia where he is received by Vasil Bilak, Second Secretary of the Czech Communist Party. Bilak says that some Czech arms circulating in the world market will be provided so that these arms will not be traced back to Czechoslovakia as the donor country. Transportation will be coordinated with the German Democratic Republic.

Handal proceeds to Bulgaria from June 27 to June 30, 1980. He is received by Dimitir Stanichev, member of the Central Committee Secretariat. The Bulgarians agree ito supply German-origin weapons and other supplies, again in an apparent effort to conceal their sources.

In Hungary, from June 30 to July 3, 1980, Handal is received by Communist Party General Secretary Janos Kadar and "Guesel" (probably Central Committee Secretary for Foreign Affairs Andras Gyenes). The latter offers radios and other supplies and indicates Hungarian willingness to trade arms with Ethiopia or Angola in order to obtain Western-origin arms for the Salvadoran guerrillas. "Guesel" promises to resolve the trade with the Ethiopians and Angolans himself, "since we want to be a part of providing this aid." Additionally, Handal secures the promise of 10,000 uniforms to be made by the Hungarians according to Handal's specifications.

Handal then travels to Ethiopia, July 3 to July 6. He meets Chairman Mengistu and receives "a warm reception." Mengistu offers "several thousand weapons," including: 150 Thompson submachineguns with 300 cartridge clips, 1,500 M–1 rifles, 1,000 M–14 rifles, and ammunition for these weapons. In addition, the Ethiopians agree to supply all necessary spare parts for these arms.

Handal returns to Moscow on July 22, 1980 and is received again by Mikhail Kudachkin. The Soviet official asks if 30 Communist youth currently studying in the U.S.S.R. could take part in the war in El Salvador. Before leaving Moscow, Handal receives assurances that the Soviets agree in principle to transport the Vietnamese arms.

Further Contacts in Nicaragua. On July 13, representatives of the DRU arrive in Managua amidst preparations for the first anniversary celebration of Somoza's overthrow. The DRU leaders wait until July 23 to meet with "Comrade Bayardo" (presumably Bayardo Arce, member of the Sandinista Directorate). They complain that the Sandinistas appear to be restricting their access to visiting world dignitaries and demanding that all contacts be cleared through them. During the meeting, Arce promises ammunition to the guerrillas and arranges a meeting for them with the Sandinista "Military Commission." Arce indicates that, since the guerrillas will receive some arms manufactured by the Communist countries, the Sandinista Army (EPS) will consider absorbing some of these weapons and providing to the Salvadorans Western-manufactured arms held by the EPS in exchange. (In January 1981 the Popular Sandinista Army indeed switched from using U.S.-made weapons to those of Soviet and East European origin.)

The DRU representatives also meet with visiting Palestine Liberation Organization (PLO) leader Yasir Arafat in Managua on July 22, 1980. Arafat promises military equipment, including arms and aircraft. (A Salvadoran guerrilla leader met with FATAH leaders in Beirut in August and November, and the PLO has trained selected Salvadorans in the Near East and in Nicaragua.)

On July 27, the guerrilla General Staff delegation departs from Managua for Havana, where Cuban "specialists" add final touches to the military plans formulated during the May meetings in Havana.

Arms Deliveries Begin. In mid-August 1980, Shafik Handal's arms-shopping expedition begins to bear fruit. On August 15, 1980, Ethiopian arms depart for Cuba. Three weeks later the 60 tons of captured U.S. arms sent from Vietnam are scheduled to arrive in Cuba.

As a result of a Salvadoran delegation's trip to Iraq earlier in the year, the guerrillas receive a $500,000 logistics donation. The funds are distributed to the Sandinistas in Nicaragua and within El Salvador.

By mid-September, substantial quantities of the arms promised to Handal are well on the way to Cuba and Nicaragua. The guerrilla logistics coordinator in Nicaragua informs his Joint General Staff on September 26 that 130 tons of arms and other military material supplied by the Communist countries have arrived in Nicaragua for shipment to El Salvador. According to the captured documents, this represents one-sixth of the commitments to the guerrillas by the Communist countries. (NOTE: To get an idea of the magnitude of this commitment, the Vietnamese offer of only 60 tons included 2 million rifle and machinegun bullets, 14,500 mortar shells, 1,620 rifles, 210 machineguns, 48 mortars, 12 rocket launchers, and 192 pistols.)

In September and October, the number of flights to Nicaragua from Cuba increased sharply. These flights had the capacity to transport several hundred tons of cargo.

At the end of September, despite appeals from the guerrillas, the Sandinistas suspend their weapons deliveries to El Salvador for 1 month, after the U.S. Government lodges a protest to Nicaragua on the arms trafficking.

When the shipments resume in October, as much as 120 tons of weapons and materiel are still in Nicaragua and some 300–400 tons are in Cuba. Because of the difficulty of moving such large quantities overland, Nicaragua—with Cuban support—begins airlifting arms from Nicaragua into El Salvador. In November, about 2.5 tons of arms are delivered by air before accidents force a brief halt in the airlift.

In December, Salvadoran guerrillas, encouraged by Cuba, begin plans for a general offensive in early 1981. To provide the increased support necessary, the Sandinistas revive the airlift into El Salvador. Salvadoran insurgents protest that they cannot absorb the increased flow of arms, but guerrilla liaison members in Managua urge them to increase their efforts as several East European nations are providing unprecedented assistance.

A revolutionary radio station—*Radio Liberacion*—operating in Nicaragua begins broadcasting to El Salvador on December 15, 1980. It exhorts the populace to mount a massive insurrection against the government. (References to the Sandinistas sharing the expenses of a revolutionary radio station appear in the captured documents.)

On January 24, 1981, a Cessna from Nicaragua crashes on takeoff in El Salvador after unloading passengers and possibly weapons. A second plane is strafed by the Salvadoran Air Force, and the pilot and numerous weapons are captured. The pilot admits to being an employee of the Nicaraguan national airline and concedes that the flight originated from Sandino International Airport in Managua. He further admits to flying two earlier arms deliveries.

Air supply is playing a key role, but infiltration by land and sea also continues. Small launches operating out of several Nicaraguan Pacific ports traverse the Gulf of Fonseca at night, carrying arms, ammunition, and personnel. During the general offensive on January 13, several dozen well-armed guerrillas landed on El Salvador's southeastern coast on the Gulf of Fonseca, adjacent to Nicaragua.

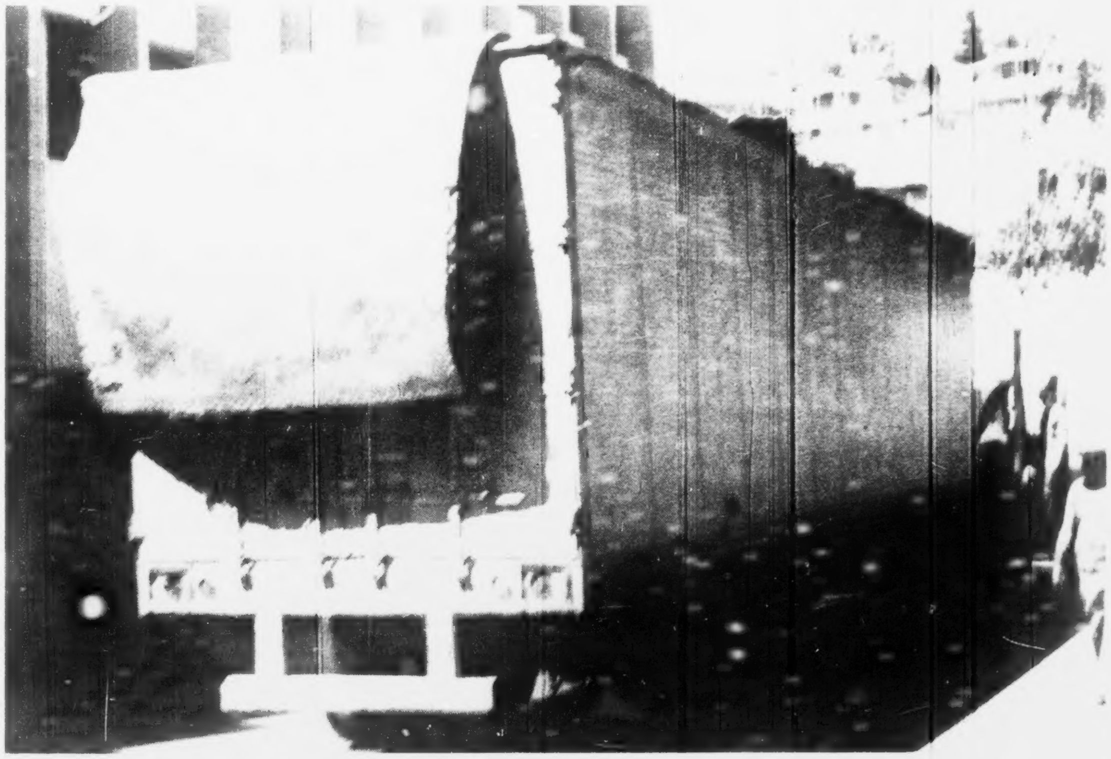
Overland arms shipments also continue through Honduras from Nicaragua and Costa Rica. In late January, Honduran security forces uncover an arms infiltration operation run by Salvadorans working through Nicaragua and directed by Cubans. In this operation, a trailer truck is discovered carrying weapons and ammunition destined for Salvadoran guerrillas. Weapons include 100 U.S. M–16 rifles and 81mm mortar ammunition. These arms are a portion of the Vietnamese shipment: A trace of the M–16s reveals that several of them were shipped to U.S. units in Vietnam where they were captured or left behind. Using this network, perhaps five truckloads of arms may have reached the Salvadoran guerrillas.

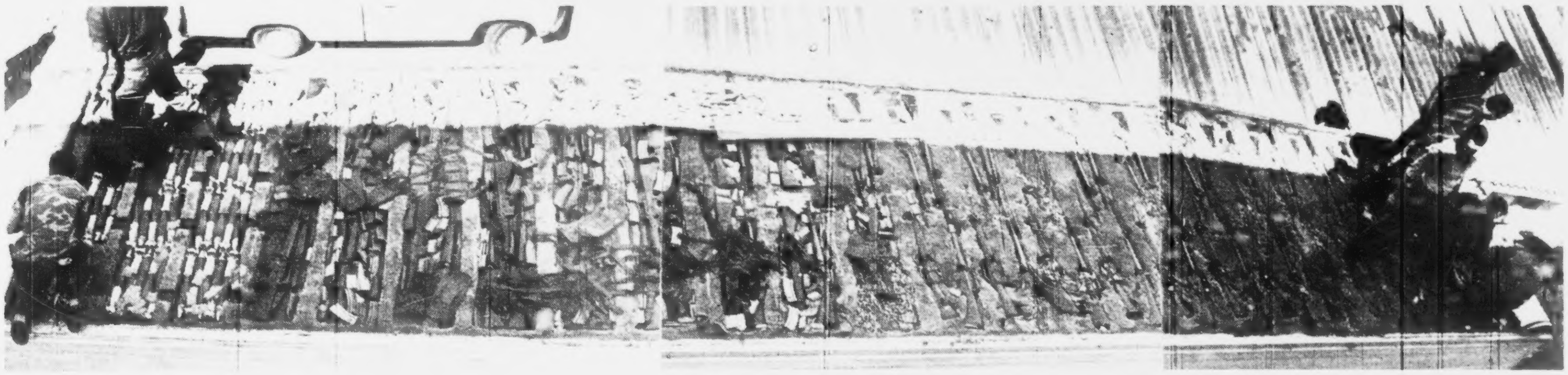
The availability of weapons and materiel significantly increases the military capabilities of the Salvadoran insurgents. While attacks raged throughout the country during the "general offensive" that began on January 10, it soon became clear that the DRU could not sustain the level of violence without suffering costly losses in personnel. By the end of January, DRU leaders apparently decided to avoid direct confrontation with

In late January, Honduran authorities seized a refrigerated trailer truck which was being used to smuggle arms to the Salvadoran guerrillas. Approximately 100 M–16 rifles, some of which were traceable to Vietnam, along with a large cache of ammunition and mortar rounds, were discovered in the hollowed-out insulation on the top of the truck. The truck also contained extra sets of license plates from the Central American area as well as quantities of Communist propaganda materials.

Right: View of truck from rear.

Below: View of truck from above.





Visit of Korean President Chun Doo Hwan

President Chun Doo Hwan of the Republic of Korea made an official visit to Washington, D.C., February 1-3, 1981, to meet with President Reagan. Following is the full text of the joint communique issued following their meeting on February 2.[1]

1. At the invitation of President Ronald W. Reagan, the President of the Republic of Korea and Mrs. Chun Doo Hwan made an official visit to Washington, D.C. from Febraury 1 to 3, 1981.

2. The two Presidents met at the White House on February 2 to exchange views on the current international situation and to discuss matters of mutual interest in an atmosphere of friendship and cordial respect. Among those present at the meeting were Vice President George Bush, Secretary of State Alexander Haig, Secretary of Defense Caspar Weinberger, United States Trade Representative William E. Brock, Jr., Counsellor to the President Edwin Meese III, Chief of Staff James Baker III, Assistant to the President for National Security Affairs Richard Allen, Deputy Chief of Staff Michael K. Deaver, and Ambassador William Gleysteen from the American side; and Deputy Prime Minister Shin Byong Hyun, Foreign Minister Lho Shin Yong, Minister of National Defense Choo Yong Bock, Ambassador Kim Yong Shik, and Secretary General to the President Kim Kyong Won from the Korean side.

3. The two Presidents reviewed the world situation and reaffirmed the critical importance of maintaining peace on the Korean peninsula and in Northeast Asia. President Reagan and President Chun pledged to uphold the mutual obligations embodied in the United States-Korea Mutual Defense Treaty of 1954. President Reagan affirmed that the United States, as a Pacific Power, will seek to ensure the peace and security of the region. President Chun expressed his full support for United States policies directed toward these ends and emphasized his view that the United States should continue to exercise firm leadership in world affairs.

4. President Reagan and President Chun reviewed the security situation on the Korean peninsula and the continuing threats to peace in the area. President Reagan assured President Chun that the United States has no plans to withdraw U.S. ground combat forces from the Korean peninsula. The two Presidents pledged to seek to strengthen U.S.-Korean cooperation in deterring and defending against aggression as an indispensable contribution to peace and stability in Northeast Asia.

5. President Chun outlined the continuing efforts of the Republic of Korea to enhance its self-reliant defense capabilities through the modernization of its armed forces. President Reagan commended the Republic of Korea for its significant continuing efforts and confirmed that the United States will make available for sale appropriate weapons systems and defense industry technology necessary for enhancing Korea's capabilities to deter aggression.

6. President Chun was assured of United States support for the efforts of the Republic of Korea to resume a constructive dialogue with North Korea in order to ease tensions and build the framework for peaceful reunification of the peninsula. President Reagan commended President Chun for the far-reaching proposal made on January 12, 1981 calling for an exchange of visits by the Presidents of the South and North of Korea. President Reagan reaffirmed that the Republic of Korea must be a full participant in any United States negotiation with North Korea. The two Presidents shared the view that any unilateral steps toward North Korea which are not reciprocated toward South Korea by North Korea's principal allies would not be conducive to promoting stability or peace in the area.

7. Noting the strong ties of traditional friendship, alliance, and cooperation which have existed between the United States of America and the Republic of Korea, the two Presidents announced that they would resume immediately the full range of consultations between the two governments.

- U.S.-ROK Security Consultative Meetings will be resumed promptly at a mutually convenient time later this spring.
- Annual U.S.-Korean economic consultations covering the entire range of our economic relations will resume. The Under Secretary of State for Economic Affairs will lead a U.S. delegation to Korea to initiate these consultations before mid-year.
- Annual U.S.-Korea policy planning talks will be resumed at a mutually convenient time this year.

8. President Reagan and President Chun expressed their satisfaction at the continuing expansion in the scope of economic relations between the two countries, and agreed to seek to foster a freer international trading system.

9. Presidents Reagan and Chun noted with satisfaction that mutually profitable U.S.-Korea trade had grown dramatically

(White House photo by Karl Schumacher)

President Reagan and President Chun Doo Hwan with U.S. Ambassador to Korea William Gleysteen, Jr. (center).

from $531 million in 1970 to $10 billion in 1980, and that the Republic of Korea is now the United States' twelfth largest trading partner. President Reagan emphasized in particular the importance of Korea as the fifth largest market for American agricultural exports. President Chun welcomed the positive response of the United States in meeting Korea's special needs this year for rice imports.

10. The two Presidents reaffirmed the close cooperation of the two countries on energy issues. The United States will seek to assist Korea to obtain energy supplies in the event of an emergency affecting our mutual security interests. Korea will explore long term arrangements for importing American coal. President Reagan promised that the United States would remain a reliable supplier of nuclear fuel, generation equipment and power technology.

11. The two Presidents recognized that there remains a need for further promotion of mutual understanding and exchanges between the two peoples both through private and public channels, and they agreed to an early activation of the Korean-American Cultural Exchange Committee to be funded jointly by the two Governments.

12. President Reagan expressed special appreciation for the significant contribution to the Smithsonian Institution which President Chun presented on behalf of the Korean people for the construction of a new Museum of Eastern Art on the Mall in Washington. This museum will further enhance inter-cultural understanding and appreciation between the people of America and the peoples of Asia.

13. Pledging their mutual efforts to expand international cooperation throughout the Pacific Basin, the two Presidents expressed their intent to maintain close communication with each other and with other friends and allies in Asia. President Chun invited President Reagan to visit the Republic of Korea at a time of his convenience, and President Reagan accepted the invitation with pleasure.

14. President and Mrs. Chun, on behalf of themselves and the members of their party, expressed their deep appreciation to President and Mrs. Reagan and also to the people of the United States for the warmth of their friendly reception and the many courtesies extended to them both during the official visit to Washington and during their visits to other cities during their trip to the United States.

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[1] White House press release. ■

Khmer Relief Efforts

After 5 years of involvement in the Vietnam war and four more of brutal rule by the Pol Pot regime, under which perhaps 2 million Khmer lost their lives, Kampuchea suffered further disaster in the Vietnamese invasion in December 1978 and subsequent occupation of the country. The invasion came during the primary harvest, and the fighting and dislocation resulted in the loss of most of the rice crop. By the fall of 1979, widespread famine inside Kampuchea had sent thousands of starving Khmer to the Thai border in a desperate search for food.

The massive response from the international community and from Thailand, in its provision of refuge for hundreds of thousands of Khmer, have been essential elements in the survival of the Khmer people. From late 1979 through the end of 1980, Western donor nations contributed to the Kampuchea relief effort over $450 million, of which the U.S. share was about $130 million. Private Western donations through voluntary agencies amounted to well over $100 million. The Soviet Union and other Eastern bloc countries made bilateral donations of as much as $200 million more, though the exact amount is impossible to verify.

Although starvation has ended and internationally donated rice seed has allowed a better-than-expected winter 1980 harvest, Kampuchea has not attained full recovery. The country will be dependent on international relief food at least through 1981 and needs emergency aid in other areas as well, particularly in health care and elementary agricultural rehabilitation. Failure to continue support of the relief could result in new calamities and a return to the terrible days of 1979. Moreover, some 200,000 displaced Khmer remain in Thailand—in UNHCR [U.N. High Commissioner for Refugees] holding centers and in makeshift camps along the Thai-Khmer border—and these unfortunate people are totally dependent upon international assistance until some more lasting solution is found for them. The United States plans to continue to make significant contributions toward the basic humanitarian needs of the Khmer people in 1981 and is encouraging other donors to do so as well.

U.S. CONTRIBUTIONS

The U.S. Government contributed $128,861,700 to the relief effort in FY 1980, all but a small fraction of which went to international organizations. In the breakdown that follows, figures are rounded to the nearest hundred dollars, with grants listed individually by receiving agency and date of donation.

Amount	Reason/Date
UNICEF	
$2,500,000	Startup costs for Khmer relief program (10/79)
2,000,000	Rice purchases in Thailand for distribution in Kampuchea (11/79)
448,000	(In kind) Airlift of cranes from Japan to Singapore for onward shipment to Kampuchea (11/79)
44,600	(In kind) Incremental air transportation cost of Archer, Daniels, Midland-donated food (12/79)
6,500,000	Relief of cash shortage (12/79)
2,500,000	Cash for ongoing relief program (5/80)
2,000,000	Cash for rice purchases for World Food Program (6/80)
3,815,000	Cash for rice purchases (8/80)
500,000	Cash for seed purchases (8/80)
$20,307,600	
International Committee of the Red Cross	
$2,500,000	Startup costs for Khmer relief program (10/79)
27,000	(In kind) Two field labs (11/79)
20,000	(In kind) Medical survey team for contingency planning (11/79)
2,500,000	Relief of cash shortage (12/79)
1,008,000	(In kind) 40-day lease of Hercules for shuttle flights to Phnom Penh (12/79, 1/80)
5,500	(In kind) Airlift of a field hospital donated by SAWS (1/80)
714,400	(In kind) Lease of Hercules for shuttle flights to Phnom Penh (4/80)
1,785,600	Cash for ongoing relief program (5/80)
$8,560,500	
World Food Program	
$55,422,000	Food for Peace commodities including shipping costs ($40 million directly to Kampuchea; $14 million in and through Thailand (11/79, 3/80, 5/80, 8/80)
490,000	Lease of trucks in Thailand (11/79, 8/80)
150,000	(In kind) Airlift and instant corn soy milk (11/79)
1,026,000	Food processing in Thailand and Singapore (11/79, 12/79)
891,600	Food management in Thailand (12/79)
3,000,000	Rice purchases in Thailand for border and holding center feeding (12/79)

train in Shantung Province early in May 1923. After prolonged negotiations, the last prisoners were released on June 12. The terms included incorporation of the bandits into the Chinese military forces, with guaranteed pay of 3 years. An American, Roy Anderson, assisted in arranging the release of prisoners. Others taking part in the negotiations were American diplomatic officials, officials of the Chinese Government, and members of the diplomatic corps in Peking. This case further revealed the weakness of the central government and resulted in demands on the part of the foreign powers for an agreement on compensation, guarantees, and sanctions.

China, 1932

Bandits described as "Communists" kidnapped an American riverboat master on the Yangtze, in Hupeh Province, on January 16, 1932. He was released on May 31 after ransom was paid. A British subject conducted the negotiations; payment was made in cash and American wheat from famine-relief supplies of the National Flood Relief Commission, China. The Department of State favored payment of ransom by the Chinese Government as the best means of effecting prompt and safe release.

Germany, World War II

The Germans resorted to the practice of keeping hostages to prevent and punish any form of civil disorder during World War II. Gen. Keitel on September 16, 1941, for example, spoke in terms of 50 or 100 lives from the occupied areas of the Soviet Union for one German life taken. The Germans also had a general "scheme of terror and intimidation"; it included orders for the execution of 100 "hostages" in retaliation for each German soldier killed, 50 "hostages" for each German soldier wounded, 10 "hostages" for each person under German protection wounded, and up to 100 "hostages" in retaliation for each attack upon any "object" under German protections. These acts were in violation of international conventions, including The Hague regulations of 1907.

A Keitel order of September 28, 1941, stated that "because of the attacks on members of the armed forces, which have taken place lately in the occupied territories, it is pointed out that it is opportune for military commanders always to have at their disposal a number of hostages of different political persuasion . . . among these there should be leading personalities or members of the families of leading personalities." He said that their names should be published and that, in case of attack, hostages corresponding to the culprit were to be shot.

Another example is Gen. Boehme's order of October 10, 1941, which directed the shooting of 50 and 100 prisoners or hostages for each German or ethnic German soldier wounded or killed in Serbia and provided that these orders should be carried out in the most severe form in order to suppress Serbian resistance ruthlessly.

Britain, Vichy France, and Brazil, World War II

The British in Syria held six French civil servants loyal to Vichy as hostages for the return of Gaullists captured by the French. Vichy responded by holding as hostages 14 British subjects at Valles-Bains. After negotiations, both groups of hostages were released.

To safeguard Brazilians who, with Americans and others, were being held at Compiegne, Brazil seized as hostages the German nationals aboard two repatriation ships then in a Brazilian harbor.

Cuba, 1958

On orders from Raul Castro, brother of Fidel Castro, Cuban rebels in June 1958 kidnapped 50 persons (43 Americans and 7 others). Raul Castro demanded, as conditions for their release, that, among other things, the United States make no more arms shipments to Cuba and give assurances that the naval base at Guantanamo Bay would not be used for supplying fuel or arms. The United States replied, publicly and through Derek Wellam (American consul at Santiago de Cuba who had established contact with Raul Castro), that its decision of March 1958 not to ship arms to Cuba was unchanged and that the Guantanamo Base was not being used to supply fuel or arms. Meanwhile, the first of the prisoners had been released.

Raul Castro tried to delay releasing the remainder of the prisoners until he had received further public assurances from the United States. After a further meeting between Wellam and Raul Castro, the remaining prisoners were released; all were returned by July 16. It was subsequently confirmed that Raul Castro had seized the Americans without the knowledge of Fidel Castro, who probably was responsible for allowing the prisoners to be returned without pressing the rebel demands.

Bolivia, 1963

On December 7, 1963, Bolivian tin miners, who were antagonists of the Bolivian Government, seized four Americans and other foreigners as hostages in an attempt to obtain the release of imprisoned union leaders. The lives of the captives were in danger for several days. Bolivian troops ringed their place of detention while U.S. officials vainly offered their assistance to the Bolivian Government. The captives finally were freed after 9 days, primarily through the efforts of Bolivian Vice President Juan Lechin.

Brazil, 1970

On March 11, 1970, members of the Popular Revolutionary Vanguard kidnapped the Japanese Consul General, Nobuo Okuchi. He was released 4 days later, after the Brazilian Government agreed to release five political prisoners and fly them to Mexico.

On June 11, 1970, the Popular Revolutionary Vanguard (PRV) kidnapped West German Ambassador Ehrenfried von Holleben. A Brazilian security guard was killed and two other persons were wounded. Von Holleben's captors demanded the release of 40 political prisoners and an end to torture. He was released on June 16, after the Brazilian Government flew the political prisoners to Algeria and published the text of a revolutionary manifesto prepared by the PRV. In April 1972 a military court sentenced nine persons to life imprisonment for their involvement in the kidnapping.

On December 7, 1970, members of the National Liberation Alliance (ALN) kidnapped the Swiss Ambassador, Giovanni Enrico Bucher, and mortally wounded his bodyguard. The ALN demanded the release of 70 political prisoners and, after the prisoners were sent to Chile, released Bucher on January 14, 1971. In August 1972, three persons were sentenced to life imprisonment for involvement in this episode.

Dominican Republic, 1970

On March 24, 1970, terrorists kidnapped Lt. Col. Donald J. Crowley, the U.S. Air Attache. He was released 2 days later, after the Dominican Government freed 20 political prisoners and flew them to Mexico.

Guatemala, 1970

On March 6, 1970, members of the Rebel Armed Forces (FAR) kidnapped the U.S.

Labor Attache, Sean M. Holly. He was released 2 days later after the government freed three political prisoners.

On March 31, the FAR kidnapped West German Ambassador Count Karl von Spreti and demanded the release of 17 political prisoners. They later increased their demands to 22 prisoners and a ransom of $700,000. The government declined to release prisoners who had already been convicted and sentenced, and von Spreti was killed on April 5. West German Chancellor Willy Brandt blamed the Guatemalan Government for not providing adequate security to foreign diplomats. He indicated that his government would have been willing to pay the ransom. Most West German diplomatic personnel in Guatemala were recalled.

Jordan, 1970

Members of the Popular Front for the Liberation of Palestine (PFLP) captured Morris Draper, head of the Political Section of the U.S. Embassy in Jordan, on June 7, 1970. His captors reportedly demanded the release of comrades who had been captured by the Jordanian Army the day before. Draper was released after 22 hours. Maj. Robert Perry, a U.S. military attache, was killed in a separate incident.

The PFLP also seized 60 hostages, including American, British, Canadian, and West German citizens at the Inter-Continental and Philadelphia Hotels in Amman, to protest the bombardment of Palestinian refugee camps by the Jordanian Army. The hostages were released on June 12, the day after a cease-fire was arranged in Amman between the Jordanian Army and the Palestinian guerrillas. The hostages then joined 500 foreigners who were evacuated to Beirut in an airlift organized by the International Committee of the Red Cross.

Spain, 1970

West German Honorary Consul Eugen Beihl was kidnapped on December 1, 1970, near San Sebastian by members of the Basque separatist organization, ETA. His captors demanded the release of all ETA members imprisoned in Spain, including 16 Basque separatists who were on trial in Burgos for killing a police chief. Beihl was freed on Christmas day, but six separatists received death sentences, nine more were sentenced to terms of 12-70 years' imprisonment, and only one was acquitted. The death sentences were commuted to 30 years' imprisonment.

Uruguay, 1970

AID official Dan A. Mitrione was kidnapped on July 31, 1970, by Tupamaro guerrillas who demanded the release of all political prisoners in Uruguay. The government refused to negotiate, and Mitrione was found dead in Montevideo on August 10.

Brazilian Consul Aloysio Dias Gomide was also kidnapped on July 31. He was released on February 21, 1971, after his wife paid a ransom of at least $250,000.

On August 7, Claude L. Fly, an AID agricultural expert, was kidnapped by Tupamaros. The Uruguayan Government refused demands to publish the text of a revolutionary manifesto, but Fly was released March 2, 1971, after suffering a heart attack.

Sweden, 1971

On February 10, 1971, two Croatian emigres seized the Yugoslav consulate in Goteborg, took three staff members hostage, and demanded the release of a Croatian terrorist imprisoned in Yugoslavia. The Yugoslav Government refused to meet their demands, and the terrorists surrendered the next day to Swedish authorities. They were tried and sentenced to 3½ years imprisonment, but on September 16, 1972, they were released and flown to Madrid after three Croatians hijacked a Scandinavian airliner and demanded their freedom, along with the release of five Croatians involved in the assassination of the Yugoslav Ambassador on April 7, 1971.

Uruguay, 1971

On January 8, 1971, Tupamaros kidnapped British Ambassador Geoffrey Jackson in Montevideo. The Uruguayan Government refused to negotiate and intensified its campaign against terrorists. Jackson was released on September 8 after 106 Tupamaros had escaped from prison 2 days earlier.

Algeria, 1972

On October 6, 1972, Palestinian students invaded the West German consulate in Algiers and demanded that West Germany release three participants in the massacre of Israeli athletes at the Munich Olympics. The students left the consulate and freed their hostages an hour later.

Thailand, 1972

On December 28, 1972, four members of "Black September" seized the Israeli Embassy in Bangkok and took 12 hostages, one of whom was the Israeli Ambassador to Cambodia. They demanded the release of 36 terrorists imprisoned in Israel. The Israeli Government did not comply, but Thai authorities and the Egyptian Ambassador persuaded the terrorists, after 18 hours, to free their hostages in return for safe conduct to Cairo.

Cuba, 1973

On October 15, 1973, an anti-Castro Cuban kidnapped the Belgian Ambassador while both were visiting the French Embassy in Havana. The French Ambassador voluntarily joined his colleague. The Cuban Government rejected the gunman's demand that he be allowed to leave Cuba. Security forces entered the Embassy, killed him, and freed the two Ambassadors.

France, 1973

On September 5, 1973, five Palestinians seized the Saudi Embassy in Paris, took 13 hostages, and demanded that Jordan release imprisoned Al Fatah leader Abu Daoud. The Jordanian Government did not meet this demand, and the terrorists were allowed to leave France with four of their hostages. They surrendered to authorities and released their hostages in Kuwait on September 8, after stops in Cairo, Kuwait, and Saudi Arabia. In October the terrorists were allowed to go to Syria.

Haiti, 1973

On January 23, 1973, three Haitians kidnapped U.S. Ambassador Clinton E. Knox. Their initial demands were for the release of 31 political prisoners and a $500,000 ransom. Consul General Ward L. Christensen voluntarily joined Knox in captivity during the negotiations. The next day the terrorists reduced their demands to the release of 16 political prisoners, a ransom of $70,000, and safe conduct to Mexico. Knox and Christensen were released after the Haitian Government met the reduced demands. The terrorists and the released prisoners, accompanied by the Mexican Ambassador, were flown to Mexico, where the ransom money was taken from them and returned to Haiti. Mexico refused to accept the political prisoners, who then proceeded to Chile.

Mexico, 1973

Members of the Peoples Revolutionary Armed Forces kidnapped Terrence G.

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GPO Sales

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A 25% discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders. Prices shown here, which include domestic postage, are subject to change.

1980 Edition of *Status of the World's Nations* Released

The Office of The Geographer, Bureau of Intelligence and Research, has released the 1980 edition of *Status of the World's Nations*, Department of State publication 8735. This biennial publication contains an up-to-date official listing of the world's nations, dependencies, and areas of special sovereignty including official country name, capital, population, and area. The text includes a survey and a checklist of newly independent nations. Countries are shown on a 40½- by 22¼-inch, full-color map.

Status of the World's Nations is on sale for $1.75 by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Copies also are sold at the GPO Bookstore in the Department of State, Room 2817, North Lobby, 21st and C Sts. NW, Washington, D.C. 20520.

Press release 331 of Nov. 26, 1980. ■

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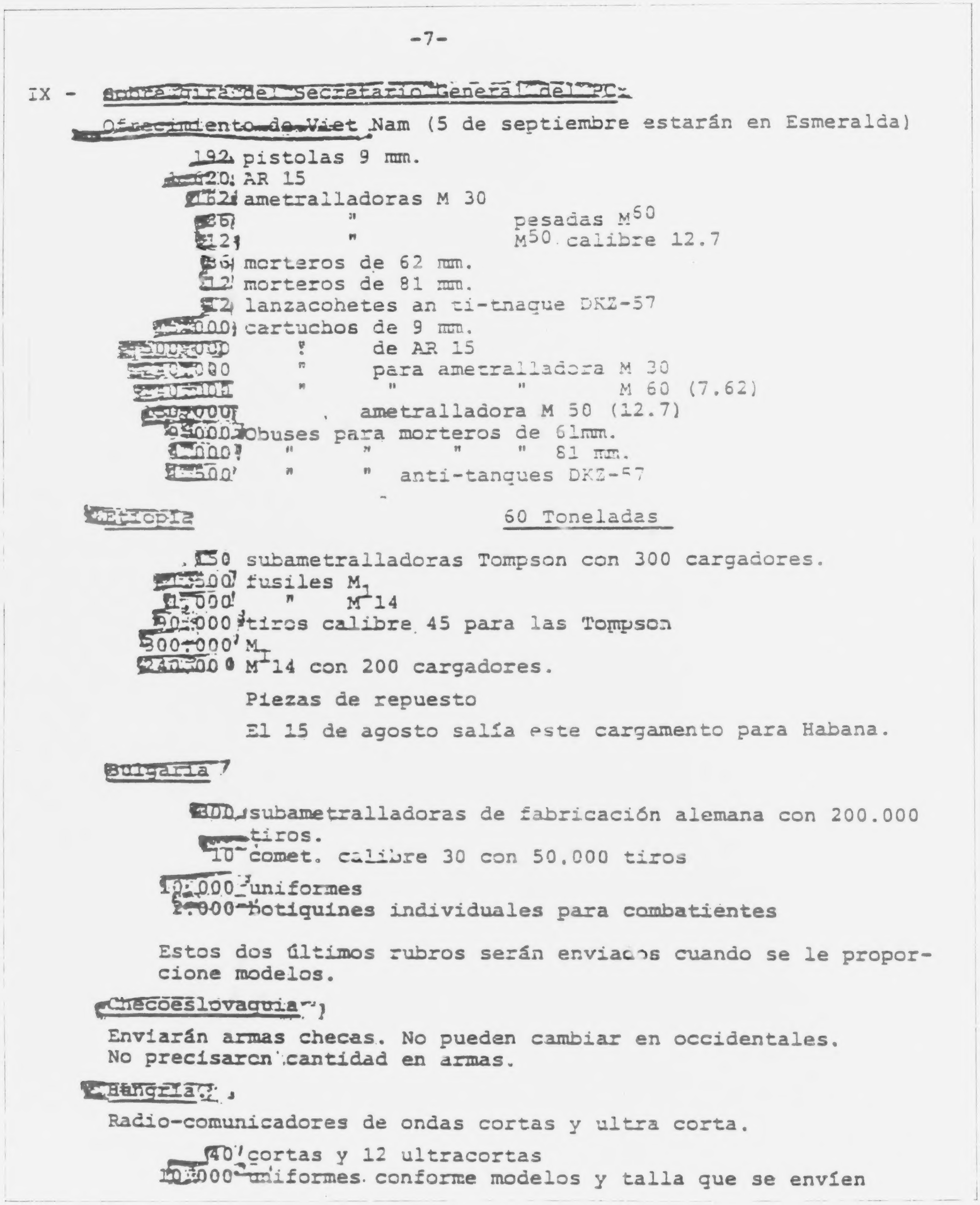
Department of State bulletin

The Official Monthly Record of United States Foreign Policy / Volume 81 / Number 2048

March 1981

MEXICO
BELIZE
Caribbean Sea
GUATEMALA
HONDURAS
EL SALVADOR
NICARAGUA
Pacific Ocean
COSTA RICA



-7-

IX - Sobre gira del Secretario General del PC:

Ofrecimiento de Viet Nam (5 de septiembre estarán en Esmeralda)

192 pistolas 9 mm.
[illegible]620 AR 15
[illegible]62 ametralladoras M 30
[illegible]6 " pesadas M^{60}
[illegible]12 " M^{50} calibre 12.7
[illegible]6 morteros de 62 mm.
[illegible]12 morteros de 81 mm.
[illegible]2 lanzacohetes an ti-tnaque DKZ-57
[illegible]000 cartuchos de 9 mm.
[illegible] " de AR 15
[illegible]000 " para ametralladora M 30
[illegible] " " " M 60 (7.62)
[illegible]000 ametralladora M 50 (12.7)
9.000 Obuses para morteros de 61mm.
[illegible]000 " " " " 81 mm.
[illegible]500 " " anti-tanques DKZ-57

Etiopia 60 Toneladas

[illegible]50 subametralladoras Tompson con 300 cargadores.
[illegible]500 fusiles M_1
[illegible],000 " M_{14}
[illegible]000 tiros calibre 45 para las Tompson
500,000 M_1
[illegible]00 M_{14} con 200 cargadores.

Piezas de repuesto

El 15 de agosto salía este cargamento para Habana.

Bulgaria

[illegible]00 subametralladoras de fabricación alemana con 200.000 tiros.
10 comet. calibre 30 con 50.000 tiros
10.000 uniformes
2.000 botiquines individuales para combatientes

Estos dos últimos rubros serán enviados cuando se le proporcione modelos.

Checoeslovaquia

Enviarán armas checas. No pueden cambiar en occidentales. No precisaron cantidad en armas.

Hungria

Radio-comunicadores de ondas cortas y ultra corta.

40 cortas y 12 ultracortas
10.000 uniformes conforme modelos y talla que se envíen

This sample page is part of two large caches of guerrilla documents that have been captured in recent months, providing substantiating evidence of the full involvement of several Communist countries in the arming of the Salvadoran guerrillas.

government forces and reverted to sporadic guerrilla terrorist tactics that would reduce the possibility of suffering heavy casualties.

III. The Government: The Search for Order and Democracy

Central America's smallest and most densely populated country is El Salvador. Since its independence in 1821, the country has experienced chronic political instability and repression, widespread poverty, and concentration of wealth and power in the hands of a few families. Although considerable economic progress took place in the 1960s, the political system remained in the hands of a traditional economic elite backed by the military. During the 1970s, both the legitimate grievances of the poor and landless and the growing aspirations of the expanding middle classes met increasingly with repression. El Salvador has long been a violent country with political, economic, and personal disputes often resulting in murders.

The Present Government. Aware of the need for change and alarmed by the prospect of Nicaragua-like chaos, progressive Salvadoran military officers and civilians overthrew the authoritarian regime of General Carlos Humberto Romero in October 1979 and ousted nearly 100 conservative senior officers.

After an initial period of instability, the new government stabilized around a coalition that includes military participants in the October 1979 coup, the Christian Democratic Party, and independent civilians. Since March 1980, this coalition has begun broad social changes: conversion of large estates into peasant cooperatives, distribution of land to tenant farmers, and nationalization of foreign trade and banking.

Four Marxist-Leninist guerrilla groups are using violence and terrorism against the Salvadoran Government and its reforms. Three small non-Marxist-Leninist political parties—including a Social Democratic Party—work with guerrilla organizations and their political fronts through the Democratic Revolutionary Front (FDR), most of whose activities take place outside El Salvador.

The Government of El Salvador—headed since last December by Jose Napoleon Duarte, the respected Christian Democrat denied office by the military in the Presidential elections of 1972—faces armed opposition from the extreme right as well as from the left. Exploiting their traditional ties to the security forces and the tendency of some members of the security forces to abuse their authority, some wealthy Salvadorans affected by the Duarte government's reforms have sponsored terrorist activities against supporters of the agrarian and banking reforms and against the government itself.

A symbiotic relationship has developed between the terrorism practised by extremists of both left and right. Thousands have died without regard to class, creed, nationality, or politics. Brutal and still unexplained murders in December of four American churchwomen—and in January of two American trade unionists—added U.S. citizens to the toll of this tragic violence. The United States has made clear its interest in a complete investigation of these killings and the punishment of those responsible.

Despite bitter resistance from right and left, the Duarte government has stuck to its reform programs and has adopted emergency measures to ease the lot of the poor through public works, housing projects, and aid to marginal communities. On the political front, it has offered amnesty to its opponents, scheduled elections for a constituent assembly in 1982, and pledged to hand power over to a popularly elected government no later than mid-1983.

The government's pursuit of progress with order has been further hampered by the virtual breakdown of the law enforcement and judicial system and by the lack of an effective civil service.

The introduction of the reforms—some of which are now clearly irreversible—has reduced popular support for those who argue that change can only come about through violence. Few Salvadorans participate in antigovernment demonstrations. Repeated calls by the guerrillas for general strikes in mid- and late 1980 went unheeded. The Duarte government, moreover, has made clear its willingness to negotiate the terms of future political processes with democratic members of all opposition forces—most notably, by accepting the offer of El Salvador's Council of Bishops to mediate between the government and the Democratic Revolutionary Front.

In sum, the Duarte government is working hard and with some success to deal with the serious political, social, and economic problems that most concern the people of El Salvador.

U.S. Support. In its commitment to reform and democracy, the Government of El Salvador has had the political support of the United States ever since the October 1979 revolution. Because we give primary emphasis to helping the people of El Salvador, most of our assistance has been economic. In 1980, the United States provided nearly $56 million in aid, aimed at easing the conditions that underlie unrest and extremism. This assistance has helped create jobs, feed the hungry, improve health and housing and education, and support the reforms that are opening and modernizing El Salvador's economy. The United States will continue to work with the Salvadoran Government toward economic betterment, social justice, and peace.

Because the solution in El Salvador should be of the Salvadorans' own making and nonviolent, the United States has carefully limited its military support. In January, mounting evidence of Communist involvement compelled President Carter to authorize a resupply of weapons and ammunition to El Salvador—the first provision of lethal items since 1977.

IV. Some Conclusions

The foregoing record leaves little doubt that the Salvadoran insurgency has become the object of a large-scale commitment by Communist states outside Latin America.

- The political direction, organization, and arming of the insurgency is coordinated and heavily influenced by Cuba—with active support of the Soviet Union, East Germany, Vietnam, and other Communist states.
- The massing and delivery of arms to the Salvadoran guerrillas by those states must be judged against the fact that from 1977 until January 1981 the United States provided no weapons or ammunition to the Salvadoran Armed Forces.
- A major effort has been made to provide "cover" for this operation by supplying arms of Western manufacture and by supporting a front organization known as the Democratic Revolutionary Front to seek non-Communist political support through propaganda.
- Although some non-Communist states have also provided material support, the organization and delivery of this assistance, like the overwhelming mass of arms, are in the hands of Communist-controlled networks.

In short, over the past year, the insurgency in El Salvador has been progressively transformed into a textbook case of indirect armed aggression by Communist powers through Cuba. ■

7,500	(In kind) Air transport cost for soy-fortified bulgur (2/80)
4,000,000	Cash for cross border seed rice program (3/80, 5/80)
$64,987,100	

The U.N. High Commissoner for Refugees

$384,400	(In kind) Airlift and 800 tents and tent flies (10/79)
9,000,000	Care and maintenance of Khmer in holding centers and center construction (11/79)
5,615,600	Care and maintenance of Khmer in holding centers and center construction (balance of U.S. Government pledge to UNHCR) (1/80)
6,000	(In kind) Four hand pumps (5/80)
6,400,000	Care and maintenance of Khmer in holding centers (6/80)
29,500	Communications equipment (6/80)
$21,435,500	

Food and Agriculture Organization

$3,000,000	Agricultural rehabilitation program in Kampuchea (3/80)
2,000,000	Seed rice (9/80)
$5,000,000	

National Council for International Health

$87,200	Medical assistance clearinghouse (12/79, 5/80)

Cambodia Crisis Center

$80,900	Startup costs (1/80)

Church World Service/ Action for Relief and Rehabilitation in Kampuchea

$1,250,000	Emergency delivery of medicines, relief supplies, and seeds for agricultural rehabilitation in Kampuchea (1/80)
1,150,000	Delivery of seed rice in Kampuchea (8/80)
$2,400,000	

World Vision Relief Organization

$3,103,300	Rice seed and other agriculture inputs; assistance to small animal breeding, orphanages, and a youth hostel in Kampuchea (3/80)

CARE

$55,800	Ocean freight reimbursement for baby food and relief supplies (3/80)
100,000	Cash for crossborder seed rice program (3/80)
$155,800	

American Friends Service Committee

$558,300	Agricultural rehabilitation in Kampuchea (3/80)
31,000	Ocean freight reimbursement for medical supplies and vegetable seed (4/80, 8/80)
$589,300	

World Relief

$1,000,000	Subsistence agricultural packages (farming implements) (6/80)

Office of the U.N. Secretary General's Special Representative for Kampuchean Humanitarian Relief

$150,000	Startup costs for Coordinator's Office (3/80)

Embassy Bangkok

$69,000	Emergency (contingency) funds for Khmer relief (e.g., purchase of communications equipment) (11/79)

Thai Red Cross

$100,000	Relief supplies presented by Mrs. Carter (11/79)
25,000	Assistance to Thai victims of Vietnamese incursion (6/80)
$125,000	

Task Force 80 (Thai Supreme Command)

$13,000	Office supplies for Thai Coordinator (3/80)

Unattributed

$382,500	Special airlift of medical and other relief supplies in response to the President's 11/13 decision (11/79)
550,000	(Estimated) Travel and administrative expenses for Embassy-associated persons in Thailand (10/79, 9/80)
$932,500	
$128,861,700	(Grand Total)

Press release 81 of Jan. 23, 1981. ■

U.S.-Thai Antipiracy Program

American Ambassador to Thailand Morton I. Abramowitz, Friday, January 2, 1981, in Bangkok, presented to the Royal Thai Navy the first installment of a $2 million U.S. grant to help combat pirate attacks in the Gulf of Thailand. Pirates have been attacking refugee boats fleeing from Vietnam for Thai and Malaysian shores.

Royal Thai Navy Commander in Chief Admiral Samut Sahanawin accepted the initial funds as part of a U.S. commitment to support the Thai Navy in increased air and sea search and surveillance efforts.

The first installment of the U.S. grant follows a series of bilateral consultations between the American and Royal Thai Governments on measures to be taken to augment the Royal Thai Navy's sea-surveillance capabilities. The United States will provide two O-2 patrol aircraft, assist in refurbishing a Thai Navy cutter for maritime patrols, and provide operating funds for a 6-month period. The Thai Government will establish a task unit to carry out the antipiracy program and patrol activities.

An exchange of letters on September 30 between the U.S. Embassy and the Thai Ministry of Foreign Affairs approved the present grant, subject to later detailed agreement which has now been reached.

Press release 1 of Jan. 2, 1981. ■

Implementation of Hostage Agreements

DEPARTMENT STATEMENT,
FEB. 18, 1981[1]

Our position up until now has been that the United States, of course, will honor its obligations under international law. Because of the complexity of the agreements and the extraordinary conditions under which they were negotiated, we have undertaken a review to determine precisely what our obligations are under them.

That review has been completed. Having considered all the circumstances carefully, we have decided to approve implementation of the agreements in strict accordance with the terms of the agreements. The review considered the impact of implementing or not implementing on these points:

- The rights of U.S. claimants;
- U.S. terrorist policy;
- U.S. international interests, including U.S. obligations to third parties, particularly Algeria, which had itself made commitments during the course of the negotiations; and
- Long-term U.S. interests in the Persian Gulf, including Iran.

The review did not consider several questions of great potential interest to historians and of possible value for drawing lessons with respect to future policy but of no practical bearing on the immediate question of whether or not to implement the agreements.

The review just completed then did not consider the following: How could the whole crisis have been handled better? Could a better set of agreements have been negotiated? And we did not consider whether these agreements should have been signed.

We are confronted with an accomplished fact. We have an agreement signed by a President of the United States, and the question is whether, given the existence of this agreement and the consequences—legal, financial, and political—of implementing it or not, under those circumstances, what should this country do?

The conclusion of the agreements was a legal exercise of Presidential authority. This authority will be subject to challenge in our courts, and the executive branch will, of course, abide by the determination of our judicial system. We did not find it necessary to reach a conclusion as to the legally binding character of these agreements under international law. We are proceeding because we believe it is in the overall interests of the United States to carry out the agreement.

The decision represents a practical judgment that implementation provides the surest resolution of the issue consistent with the best interests of the United States in the gulf region and throughout the world. Iran has not profited from these agreements. It was ultimately forced to settle on terms that simply restored the *status quo ante* because the advent of the new Administration finally confronted it with a serious deadline. The funds already returned to Iran and those which may be returned following the implementation of these agreements and the settlement of commercial and legal claims—all these funds thus involved are funds which belonged to Iran before the seizure of the American hostages.

It should be well understood that the decision to faithfully implement the agreements does not represent a precedent for future actions by the U.S. Government in similar situations. The present Administration would not have negotiated with Iran for the release of the hostages. Future acts of state-sponsored terrorism against the United States will meet swift and sure punishment.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

Travel to Iran

DEPARTMENT STATEMENT,
JAN. 27, 1981[1]

All American citizens contemplating travel to Iran are advised that they should avoid such travel. Travel to Iran is extremely hazardous because of the continued anti-American atmosphere, the virulent anti-American stance of the Iranian Government, and the present conflict between Iran and Iraq. The possibility exists that American citizens traveling to Iran could be detained without charge or taken hostage.

American interests in Iran are currently served by the Swiss Government acting through its Embassy in Tehran, but protective services are severely limited by present conditions. Under these circumstances, the Department of State strongly urges United States citizens to avoid any travel to Iran.

This warning supersedes the formal restriction on travel to Iran which was effective on April 23, 1980.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess on Jan. 27, 1981. ■

Leonhardy, the American consul general in Guadalajara, on May 4, 1973. They demanded freedom for 30 political prisoners, passage to Cuba, publication of a communique, and suspension of a police search for them. Leonhardy was freed on May 7 after the Mexican Government met the demands. Five persons were later arrested in connection with the case.

Sudan, 1973

On March 1, 1973, eight members of the Palestinian terrorist group "Black September" seized the Saudi Embassy in Khartoum during a farewell reception for American charge d'affaires George Curtis Moore. They took 10 hostages, including Moore, incoming U.S. Ambassador Cleo A. Noel, Jr., the Saudi Ambassador and his family, and the Belgian and Jordanian charges. They demanded the release of Al Fatah leader Abu Daoud, other Palestinians held by Jordan and Israel, Sirhan Sirhan, and members of the Baader-Meinhof gang imprisoned in Germany. All the hostages except Noel, Moore, and the Belgian charge, Guy Eid, were released, and the terrorists reduced their demands to the release of Abu Daoud and 16 Palestinians held by Jordan. The Government of Sudan refused to negotiate, and all the remaining hostages were killed. The terrorists surrendered on March 6.

President Nimeiri denounced the incident as "a criminal act devoid of any reason or bravery," and the Sudanese Government banned further operations by Palestinian organizations. The trial of the terrorists began on June 1, 1974. They were convicted on June 24 and sentenced to life imprisonment, but President Nimeiri commuted their sentences to 7 years and released them to the Palestine Liberation Organization the next day. The terrorists were then flown to Cairo, where Egyptian authorities imprisoned them.

United Kingdom, 1973

On February 20, 1973, three Pakistanis invaded the Indian High Commission Office in London and took several members of the staff as hostages. They demanded the release of Pakistani prisoners of war held by India. British police killed two of the terrorists and captured the third.

Venezuela, 1973

Red Flag guerrillas kidnapped West German Honorary Consul Kurt Nagel in Maracaibo on November 20, 1973. Before his captors could make any demands, Nagel was freed and two guerrillas were captured in a clash with four farmers on November 22.

Argentina, 1974

Members of the Peoples' Revolutionary Army (ERP) kidnapped USIA Director Alfred A. Laun in Cordoba on April 12, 1974. Laun, who was wounded when captured, was released several hours later.

Dominican Republic, 1974

On September 27, 1974, members of the January 12 Liberation Movement kidnapped USIA Director Barbara Hutchison and then seized the Venezuelan consulate in Santo Domingo, capturing the consul, the vice consul, a Spanish priest, and four local employees. The terrorists demanded the release of 38 political prisoners and a ransom of $1 million. When they demanded the release of 32 more prisoners, 10 of the prisoners joined most of the Dominican left in condemning the affair. The Dominican Government refused to comply with the terrorists' demands, and the hostages were freed on October 9 in return for safe conduct to Panama.

Kuwait, 1974

On February 6, 1974, five members of the Popular Front for the Liberation of Palestine (PFLP) seized the Japanese Embassy and took 12 hostages, including the Ambassador. They demanded that Japan arrange to fly two of their comrades and two members of the Japanese Red Army to Kuwait from Singapore, where they were imprisoned. Japan complied, the hostages were freed, and the terrorists were granted safe passage to South Yemen.

Mexico, 1974

Members of the Peoples' Liberation Army kidnapped American vice consul John Patterson near Hermosillo on March 22. They demanded a ransom of $500,000. Mrs. Patterson claimed that all attempts she made to deliver the ransom were unsuccessful. Patterson was found dead in the desert on July 8.

On December 5, 1974, a lone gunman, claiming to be a member of the "September 23" guerrilla group, seized two diplomats at the French Embassy and demanded political asylum and passage to France. Mexican authorities agreed to meet his demands after 4 hours but arrested the gunman at the airport.

The Netherlands, 1974

On September 13, 1974, four members of the Japanese Red Army seized the French Embassy in The Hague and took 11 hostages, including the French Ambassador, Jacques Senard. They demanded a ransom of $1 million, an aircraft, and the release of a comrade imprisoned in France. The French and Dutch Governments met most of their demands; all hostages were released on September 16 and 17, and all four terrorists were flown to Syria.

United States, 1974

On November 18, 1974, a lone gunman entered the Philippine Embassy, wounded a staff member, and held the Ambassador hostage. He demanded that the Philippine Government allow his son to join him in the United States. His demand was met, after which he freed the Ambassador and surrendered.

Argentina, 1975

On February 26, 1975, Montoneros guerrillas kidnapped John P. Egan, a retired businessman serving as the American Honorary Consul in Cordoba. They demanded that 4 captured guerrillas be shown on national television or else Egan would be killed. Egan was found dead the next day.

Austria, 1975

On December 21, 1975, six pro-Palestinian guerrillas attacked the OPEC Conference in Vienna, killing three persons, wounding seven others, and taking 81 hostages. The hostages included 11 OPEC oil ministers, among them Saudi Arabia's Sheik Ahmed Zaki Yamani. The terrorists reportedly were two Palestinians, one Lebanese, two West Germans, and a Venezuelan, allegedly Ilich Ramirez Sanchez, also known as "Carlos Martinez." Their communique denounced Iran as an "imperialist tool"; called Egyptian President Sadat a "leading traitor" for signing the Sinai accord with Israel; praised Iraq, Syria, and the Palestinians as "progressives"; and demanded that the Arab people have full sovereignty over their oil resources.

Austrian Chancellor Kreisky and Algerian Foreign Minister Bouteflika negotiated an agreement granting the terrorists safe conduct to Algeria in return for the release of 41 Austrian hostages and a declaration by the other hostages stating that they were voluntarily accompanying the terrorists. The terrorists left Vienna aboard an Austrian airliner on December 22 and released the remaining hostages in Algiers and Tripoli before surrendering to Algerian authorities on December 23.

Malaysia, 1975

On August 4, 1975, five members of the Japanese Red Army seized the consular sections of the American and Swedish Embassies in Kuala Lumpur and took 52 hostages, including the Swedish charge d' affaires and the American consul Robert S. Stebbins. The hostages were freed after Japan agreed to release five other members of the Red Army. All 10 departed for Libya on August 8.

The Netherlands, 1975

On December 4, 1975, six South Moluccans seized the Indonesian consulate in Amsterdam, taking 47 hostages. They demanded independence for the South Moluccan Islands. Another group, which had seized a passenger train 2 days earlier, also demanded that the Dutch Government free five Moluccans, recognize a Moluccan government in exile, and provide safe conduct to an undisclosed destination. The Dutch Government rejected all these demands. The Moluccans holding the train surrendered on December 12, and those in the consulate did so on December 18.

Spain, 1975

On September 15, 1975, four Arab terrorists seized the Egyptian Embassy and threatened to kill the Ambassador and two aides unless Egypt renounced the Sinai agreement with Israel. The Ambassadors of Iraq, Kuwait, Algeria, and Jordan negotiated with the terrorists and joined the Egyptian Ambassador in signing a document denouncing this agreement. (The Egyptian Government later dismissed this statement as "a worthless piece of paper.") The terrorists, accompanied by the Iraqi and Algerian Ambassadors, flew to Algiers on September 16 and released their hostages there.

Sweden, 1975

On April 24, 1975, six West German radicals seized the West German Embassy in Stockholm, taking 12 hostages, including Ambassador Dietrich Stoecker. The military attache, Lt. Col. Andreas von Mirbach, was killed by the terrorists when Swedish police tried to enter the building. The terrorists demanded $20,000 and the release of 26 comrades imprisoned in West Germany. Although the West German Government had freed five terrorists earlier in the year after the kidnapping of a West Berlin mayoral candidate, Peter Lorenz, this time it refused to meet the terrorists' demands.

The terrorists then threatened to kill a hostage every hour until their demands were met, and economic attache Heinz Hillegaart was the first to die. An explosion took place in the Embassy just before midnight, killing one terrorist. The Swedish police captured others as they fled the building. The Swedish Government extradited all five terrorists to West Germany. One died of injuries received in the explosion, the other four were tried in Duesseldorf between May 6, 1976, and July 20, 1977. They were convicted and sentenced to two terms of life imprisonment.

Tanzania, 1975

On May 19, 1975, members of the Zaire People's Revolution Party (PRP) kidnapped a Dutch student and three American students from Stanford University from Gombe Stream Research Center in Tanzania. One student was released on May 26 to deliver the PRP's demand for $500,000, arms and ammunition, and the release of two comrades held in Tanzania. The Tanzanian Government refused to meet the terrorists' demands, and efforts by American diplomats and the families of the hostages to contact them were unsuccessful. Two hostages were released on June 28 and the last on July 27 after their families and Stanford University reportedly paid a ransom of $40,000.

Italy, 1976

On October 11, 1976, three Palestinians seized the Syrian Embassy and took five hostages to protest the Syrian intervention in Lebanon. They surrendered to Italian authorities 2 hours later.

Brazil, 1978

On May 24, 1978, a lone gunman entered the Mexican consulate in Recife, where he captured the honorary consul and four other persons. He demanded safe passage to Cuba, Mexico, Sweden, or Eastern Europe. He released the hostages when he believed his demands would be met and was then placed under arrest.

France, 1978

On July 31, 1978, two Arab terrorists seized the Iraqi Embassy in Paris. One terrorist fled, but the other took nine hostages and demanded that Britain release an Arab woman who had tried to kill the Iraqi Ambassador there. After 8 hours of negotiation, the lone terrorist surrendered to French police and freed the hostages. Iraqi security guards then opened fire, wounding him and killing a policeman. The French police returned the fire, killing one Iraqi and wounding three others.

United States, 1978

Two Puerto Ricans occupied the Chilean consulate in San Juan on July 3, 1978. They took four hostages, including the consul, and demanded the release of four Puerto Ricans who had been imprisoned for the 1950 attempt to assassinate President Truman and the 1954 attack on the House of Representatives. The two surrendered and released their hostages after 17 hours of negotiations.

On August 17, two Croatians seized eight hostages in the West German consulate in Chicago and demanded that West Germany release a Croatian imprisoned in Cologne. After 10 hours of negotiations, the Croatians released their hostages and surrendered.

Afghanistan, 1979

On February 14, 1979, four Afghans kidnapped U.S. Ambassador Adolph Dubs in Kabul and demanded the release of various "religious figures" held by the Afghan Government. Dubs was killed when Afghan police stormed the hotel room where he was being held. The U.S. Government protested to the Afghan Government for not having tried to secure Dubs' release peacefully and drastically reduced its foreign aid programs there. As of early 1981, no Ambassador has been appointed to replace Dubs.

El Salvador, 1979

On January 16, 1979, 30 members of the United Popular Action Front seized the Mexican Embassy and the offices of the OAS and the Red Cross, taking between 120 and 156 hostages. They demanded freedom for all political prisoners in El Salvador but settled for safe passage to Mexico after 2 days of negotiations.

On January 17 members of the Armed Forces of National Resistance (FARN) kidnapped Ernesto Liebes, a local businessman serving as Israel's honorary consul. They demanded that the government release five "missing persons," publish a revolutionary manifesto, and pay a substantial ransom. The

*110	10/15	Haft: right of reply, Committee III, Oct. 14.
*111	10/16	Vanden Heuvel: Kampuchea, UNGA.
*112	10/17	Spero: training and research, Committee II, Oct. 16.
*113	10/17	McHenry: situation between Iran and Iraq, Security Council.
*114	10/20	Petree: UNRWA, Special Political Committee, Oct. 17.
*115	10/21	McCall: American Samoa, Guam, and U.S. Virgin Islands, Committee IV.
*116	10/21	Haft: right of reply, Committee III.
*117	10/22	Ambassador McHenry presents a check to New York City Mayor Koch for $3.1 million for providing protection to diplomatic missions and personnel assigned to the U.N.
118	10/23	McHenry: situation between Iran and Iraq, Security Council.
*119	10/24	Petree: outer space, Special Political Committee.
*120	10/24	Horbal: women, Committee III.
*121	10/28	Spero: development and international economic cooperation, Committee II.
*122	10/29	McCall: narcotics, roundtable discussion held at USUN.
*123	10/30	Vanden Heuvel: disarmament, Committee I.
*124	11/3	Newsom: Belize, Committee IV.
*125	10/31	Newsom: western Sahara, Committee IV.
*126	11/3	Shestack: human rights covenants, Committee III.
*127	11/3	McHenry: address in Chicago on the "Challenge of the 1980s," Oct. 29.
*128	11/3	McHenry: address in Cleveland on the "U.N.'s 35th Anniversary," Oct. 24.
*129	11/3	McHenry: address in Los Angeles on refugees, Oct. 30.
*130	11/3	McHenry: address in Los Angeles on the "New Nationalism," Oct. 31.
*131	11/3	Shestack: elimination of all forms of religious intolerance, Committee III.
*132	11/3	Atkins: International Youth Year, cultural values, problems of the elderly, International Year of Disabled Persons, policies and programs relating to youth, Committee III.
*133	11/5	U.S. signs common fund agreement.
*134	11/5	Spero: UNDRO and special assistance programs, Committee II.
*135	11/5	Petree: peacekeeping, Special Political Committee.
*136	11/5	U.S. contributes $250,000 to the U.N. World Assembly on the Elderly.
*137	11/6	Petree: IAEA, UNGA.
*138	11/6	Spero: U.N. Decade for Women, Committee III.
*139	11/10	Ehrlich: International Drinking Water Supply and Sanitation Decade, UNGA.
*140	11/11	Spero: refugees, Committee III.
*141	11/12	Spero: international development strategy, Committee II.
*142	11/12	McHenry: statement on the death of ICJ Judge Richard R. Baxter, Security Council.
*143	11/13	Shestack: human rights, Committee III.
*144	11/13	McHenry: apartheid, UNGA.
*145	11/14	Petree: UNHCR pledging conference.
*146	11/14	Atkins: refugees in Africa, UNGA.
*147	11/17	Petree: information, Special Political Committee.
*148	11/19	Petree: Indian Ocean, Committee I.
*149	11/19	Falkner: restrictive business practices, Committee II.
150	11/19	McHenry: Afghanistan, UNGA.
*151	11/20	Morgenthau: social development, Committee III.
*152	11/21	Petree: Golan Heights, Special Political Committee.
*153	11/28	Petree: refugees, Special Political Committee.
*154	12/4	Atkins: El Salvador, Committee III, Dec. 3.
*155	12/4	Shestack: Bolivia, Committee III, Dec. 3.
*156	12/4	Flood: Chile, Committee III, Dec. 3.
*157	12/4	McHenry: Security Council membership, UNGA.
*158	12/5	Cardwell: drug abuse control, Committee II, Dec. 4.
*159	12/5	Shestack: totalitarian ideologies, UNGA.
*160	12/9	Davison: crime prevention and control, Committee III, Dec. 5
*161	12/9	Petree: information, Special Political Committee.
*162	12/9	U.S. Mission to the U.N. commemorates genocide convention anniversary with unveiling of the Raphael Lemkin bust.
*163	12/10	Loy: relief to Kampuchean people, donors meeting.
*164	12/11	Newsom: decolonization resolutions, UNGA.
*165	12/12	Petree: West Bank mayors, Security Council, Dec. 11.
*166	12/15	Petree: Palestine, UNGA.
*167	12/16	Newsom: apartheid, UNGA.
*168	12/16	Atkins: El Salvador, UNGA.
*169	12/17	McHenry: news conference.
*170	12/18	McHenry: UNIFIL, Security Council.
*171	12/19	McHenry: deportation of mayors, Security Council.

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*Not printed in the BULLETIN. ■

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

Opening statement at confirmation hearings before Senate Foreign Relations Committee, Jan. 9, 1981 (Current Policy #257).

News conference, Jan. 28, 1981 (Current Policy #258).

PRESS RELEASES

January 20
Ronald W. Reagan is inaugurated 40th President of the United States.

January 22
Alexander M. Haig, Jr., is sworn in as the 59th Secretary of State.

January 24
South Korean President Chun Doo Hwan lifts martial law imposed after the assassination of President Park Chung Hee in October of 1979.

January 27
Jamaican Prime Minister Edward Seaga makes official visit to Washington, D.C., Jan. 27-29.

January 28
South Korean President Chun Doo Hwan visits U.S., Jan. 28-Feb. 6, and makes official visit to Washington, D.C., Feb. 1-3.

January 23
Spanish Prime Minister Adolfo Suarez resigns.

January 30
Deputy Prime Minister of Spain, Leopoldo Calvo Sotelo, is designated successor to Prime Minister Suarez.

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*U.S. resumed economic aid to El Salvador on Dec. 17, 1980. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20502.

No.	Date	Subject
1	1/2	U.S.-Thai Antipiracy Program.
2	1/7	Muskie: interview on the "MacNeil/Lehrer Report," Public Broadcasting Service.
*3	1/7	U.S., Singapore establish textile visa system, Oct. 20, 1980.
*4	1/8	U.S., Malaysia establish administrative arrangement under terms of bilateral textile agreement, Oct. 29 and 31, 1980.
*5	1/8	U.S., Mexico amend bilateral textile agreement, Nov. 13 and 17, and Dec. 11, 1980.
*6	1/8	U.S., Singapore amend textile agreement, Nov. 24 and Dec. 12, 1980.
*7	1/8	Dept. of State and Dept. of Commerce determine foreign fishing allocations for 1981.
*8	1/9	Muskie: interview by Andrea Stroud of CCN.
*9	1/9	Muskie: remarks at funeral services for Michael P. Hammer, Ft. Myer, Va.
*10	1/14	Muskie: address before a joint session of the Maine legislature, Augusta.
*11	1/15	Muskie: address at Colby College, Waterville, Maine, Jan. 14.
12	1/15	Muskie: statement at the National Theater.
*12A	1/15	Muskie: question-and-answer session following statement at National Theater.
13	1/16	Stephen M. Schwebel elected to International Court of Justice.
14	1/16	U.S., Mexico sign Convention on the Recovery and Return of Stolen Vehicles and Aircraft.
*15	1/21	International Radio Consultative Committee (CCIR), study group 5, Feb. 10.
*16	1/21	Shipping Coordinating Committee (SCC), subcommittee on safety of life at sea (SOLAS), working group on the carriage of dangerous goods, Feb. 10.
*17	1/22	Haig: statement to employees.
18	1/23	International effort for Khmer relief.
*19	1/26	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group D, Feb. 12.
*20	1/27	Program for Jamaican Prime Minister Seaga's official visit to Washington, D.C., Jan. 27-29, 1981.
*21	1/27	U.S., Norway sign new fisheries agreement, Jan. 26.
*22	1/28	CCIR, study group 5, Mar. 3.
*23	1/28	Advisory Committee on International Investment, Technology, and Development, Feb. 11.
*24	1/28	U.S., Yugoslavia extend textile agreement, July 15, 1980, and Sept. 12, 1980.
25	1/28	Haig: news conference.
*26	1/30	U.S., Hong Kong establish specified limits on seven textile categories.
*27	1/30	Program for Korean President Chun's official visit to Washington, D.C., Feb. 1-3.

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*Not printed in the BULLETIN. ■

U.S.U.N.

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*107	10/13	Spero: operational activities for development, Committee II.
*108	10/12	McHenry: bombing of Turkish mission to the U.N.
*109	10/13	McHenry: credentials of the representative of Kampuchea, UNGA.

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The Bulletin's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.

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El Salvador: A Brief Background

Following is a reprint of the El Salvador Background Notes.

PEOPLE AND HISTORY

The population of El Salvador is remarkably homogeneous, with almost 90% of mixed Indian and Spanish extraction. El Salvador has no significant minorities. An estimated 60% of the population live in rural areas.

While a few Indians have retained many of their old customs and traditions, the majority have adopted the Spanish language and culture.

Prior to the Spanish conquest, the area which is now El Salvador was made up of two large Indian states and several principalities. The indigenous inhabitants were the Pipils, a tribe of nomadic Nahua people long established in Mexico. Early in their history they were one of the few Indian groups to abolish human sacrifice. Their civilization was similar to that of their Aztec cousins. Remains of Nahua culture may be found today at ruins such as Tazumal (near Chalchuapa) and San Andres (northeast of Armenia).

The first Spanish attempt to subjugate this area failed in 1524 when Pedro de Alvarado was forced to retreat by Pipil forces. In 1525 he returned and succeeded in bringing the district under control of the Captaincy General of Guatemala, where it remained until 1821, despite an abortive revolutionary attempt in 1811.

In 1821 El Salvador and the other Central American provinces declared their independence from Spain. When these provinces joined together with Mexico in early 1822, El Salvador resisted, insisting on autonomy for the Central American countries. Guatemalan troops sent down to enforce the union were driven out of El Salvador in June of 1822. In early 1823 General Manuel Jose Arce's army was defeated by the Mexicans, and it was before this contest was decided that El Salvador, fearing incorporation into Mexico, petitioned the U.S. Government for statehood. In February 1823, however, a revolution in Mexico ousted the Emperor Iturbide, and a new Mexican Congress voted to allow the Central American provinces to decide their own fate. In 1823 the Federal Republic of Central America was formed independently by the five Central American states under Arce. When this federation was dissolved in 1838, El Salvador began its existence as an independent Republic.

As elsewhere in Central America,

People

NATIONALITY: *Noun and adjective*—Salvadoran(s). POPULATION (mid-1979): 4.67 million. ANNUAL GROWTH RATE (1968–78): 3%. DENSITY: 218 per sq. km. (570 per sq. mi.). ETHNIC GROUPS: Mestizo 89%, Indian 10%, Caucasian 1%. RELIGION: Largely Roman Catholic, with activity by Protestant groups throughout the country. LANGUAGE: Spanish. EDUCATION: *Years compulsory*—10. *Attendance*—65%. *Literacy*—urban areas 50%, rural areas 30%. HEALTH: *Infant mortality rate*—60/1,000 (US = 13.8/1,000). *Life expectancy*—males 56.7 yrs., females 59.7. WORK FORCE (1.5 million): *Agriculture*—47%. *Industry*—8%. *Services*—14%. *Government and other*—9%.

Geography

AREA: 21,476 sq. km. (8,260 sq. mi.); about the size of Mass. CITIES: *Capital*—San Salvador (pop. 400,000). TERRAIN: Mountains separate country into three distinct regions: southern coastal belt; central valleys and plateaus; and northern mountains. CLIMATE: Semitropical, distinct wet and dry seasons.

Government

TYPE: Republic. CONSTITUTION: January 8, 1962. INDEPENDENCE: 1821.

BRANCHES: *Executive*—5-member civilian-military council. *Legislative*—suspended. *Judicial*—independent (Supreme Court).

ADMINISTRATIVE SUBDIVISIONS: 14 Departments.

POLITICAL PARTIES: Christian Democratic Party (PDC), National Revolutionary Movement (MNR), Party of National Conciliation (PNC), Communist Party of El Salvador (PCS), Democratic Popular Union (UDP). SUFFRAGE: Universal over 18.

CENTRAL GOVERNMENT BUDGET (1980 est.): $400 million.

DEFENSE (1979): 12.6% of total expenditures.

NATIONAL HOLIDAY: Independence Day, September 15.

FLAG: Two dark blue horizontal stripes and a white middle band; in the center, a coat of arms inscribed "1821," the year of independence from Spain.

Economy

GDP (1978): $3.1 billion. ANNUAL GROWTH RATE (1970–78): 5%. PER CAPITA INCOME (1978): $650. AVG. RATE OF INFLATION 1980: 30%.

AGRICULTURE: *Products*—coffee (15% of GNP), livestock, cotton, corn, poultry, sugar, sorghum. *Land*—67% arable; cultivated or pasture.

INDUSTRY (15% OF GNP): *Types*—food and beverages, textiles, footwear and clothing, chemical products, petroleum products.

TRADE (1980 est.): *Exports*—(f.o.b.) $1 billion: coffee ($589 million), sugar ($11 million), cotton ($86 million), shrimp ($14 million); $250 million to Central American Common Market (CACM); $56 million to rest of world. *Partners:* CACM 22%; US 32%; EC 33%. *Imports*—(c.i.f.) $960 million: machinery, autos, petroleum. *Partners*: US 29%, CACM 22%, EC 15%, Japan 11%.

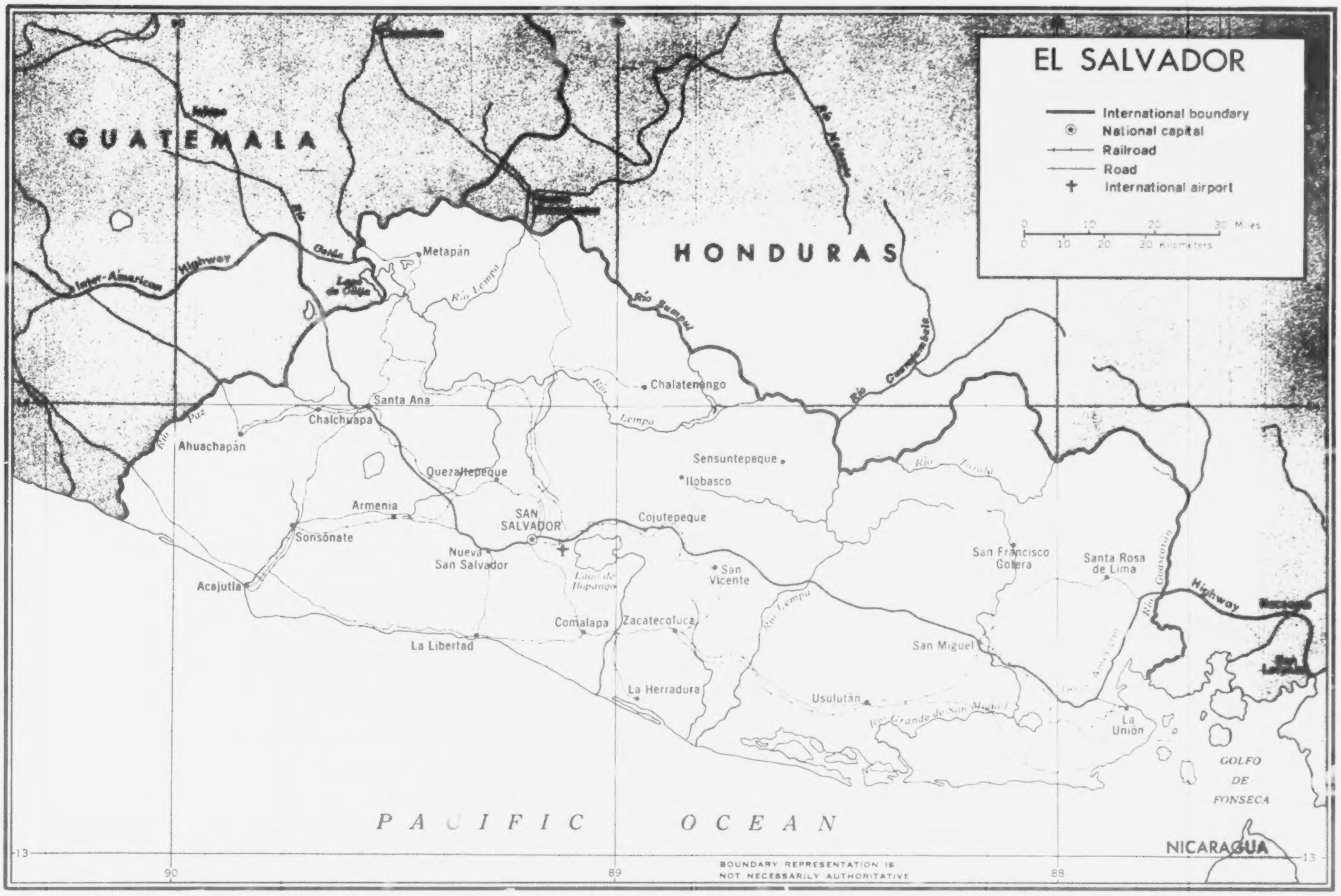
OFFICIAL EXCHANGE RATE: 2.5 colones = US$1.

FISCAL YEAR: Calendar year.

ECONOMIC AID RECEIVED: *US*—$63 million (FY 1981) IFI assistance—$36 million (1980 disbursement est.).

DEBT SERVICE CHARGES AS % OF EXPORTS: *1979*—2.6%; *1980*—3.5%; *1981*—4.5% (World Bank figures).

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN, OAS, G-77, CACM, INTELSAT.


EL SALVADOR
International boundary
National capital
Railroad
Road
International airport
0 10 20 30 Miles
0 10 20 30 Kilometers
GUATEMALA
HONDURAS
Inter-American Highway
Highway
Metapán
Río Lempa
Río Sumpul
Chalatenango
Río Guarajambala
Río Lempa
Santa Ana
Chalchuapa
Río Paz
Ahuachapán
Quezaltepeque
Sensuntepeque
Ilobasco
Río Torola
Armenia
SAN SALVADOR
Cojutepeque
Sonsonate
Nueva San Salvador
Lago de Ilopango
San Vicente
San Francisco Gotera
Santa Rosa de Lima
Río Goascorán
Acajutla
Comalapa
Zacatecoluca
Río Lempa
San Miguel
La Libertad
La Herradura
Usulután
Río Grande de San Miguel
La Unión
GOLFO DE FONSECA
PACIFIC OCEAN
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frequent revolutions have marked El Salvador's history as an independent state, although relative stability was achieved in the period 1900-30 and in the 1950s. Since the 1931 election of General Maximilian Hernandez Martinez, every succeeding President has been an army officer with the exception of one provisional executive who served 4 months. In late summer of 1960 the constitutional government of Lieutenant Colonel Jose Maria Lemus alienated most of its popular support in a series of clashes with demonstrating university students, and on October 26, 1960, it was overthrown in a bloodless coup.

In July 1969, El Salvador and Honduras fought a brief but bloody war, as the result of unresolved differences over a disputed border, heightened by nationalistic feelings following a series of soccer games between the two countries. At some points Salvadoran troops penetrated up to 29 kilometers (18 mi.) into Honduras. After 5 days, the Organization of American States (OAS) achieved a cease-fire, and effected a subsequent Salvadoran withdrawal. A "pacification zone" along the border was agreed upon by both countries. The two countries formally signed a peace treaty on October 30, 1980, which establishes the basis for resolving the border dispute. Full diplomatic and trade relations will be restored.

The peace agreement was achieved following initiatives taken by the Revolutionary Government that ousted President Carlos Romero on October 15, 1979. Reform-minded army officers at that time carried out a bloodless coup d'etat and installed a five-member governing council.

GEOGRAPHY

El Salvador is located in Central America and is bordered by Guatemala, Honduras, and Nicaragua, from which it is separated by the Gulf of Fonseca. The country faces the Pacific Ocean to the south.

The country is separated by mountain ranges running east to west, forming three distinct regions: a hot, narrow Pacific coastal belt on the south; a subtropical central region of valleys and plateaus, where most of the population lives; and a mountainous northern region. Ninety percent of the land is of volcanic origin. Almost all of the arable land is under cultivation, and coffee is planted high on the mountains. The average temperature in San Salvador for the last 20 years was 22°C (73°F), and the average at the beach was 26°C (80°F).

GOVERNMENT

On October 15, 1979, young military officers ousted President Carlos Humberto Romero and joined with moderate civilian leaders to undertake a peaceful and democratic revolution. Progressive civilians joined them to form the Revolutionary Junta of Government (JRG) committed to profound

Afghanistan: A Year of Occupation

The following paper was written by Eliza Van Hollen of the Bureau of Intelligence and Research. It was prepared in December 1980 as a review of conditions existing in Afghanistan 1 year after the Soviet invasion. Mrs. Van Hollen has added a concluding section to bring the situation up to date as of mid-February 1981.

A year after the Soviets invaded Afghanistan and replaced President Amin with their puppet Babrak Karmal, Afghanistan is still in turmoil. While the Soviets may have prevented the collapse of a pro-Soviet Marxist government, they have had little success in building support for the Babrak regime.

In some respects, the situation in Afghanistan today is no better, from a Soviet point of view, than that which preceded the December 1979 invasion. The government faces widespread and growing alienation and resistance, virulent factionalism within the ruling party, and an acute shortage of military manpower. Almost universal Afghan hostility to the Soviet presence has intensified these problems.

The nationalist movement, while still fragmented and lacking coordination, is better organized and equipped than it was a year ago. Furthermore, there is evidence of more cooperation, in some areas, between nationalist guerrilla groups which are increasingly organized along tribal lines. These forces, however, have not been able to turn their improved capability into victory over the Babrak regime—principally because of the presence of 85,000 Soviet troops inside the country.

The Soviet invasion in December 1979 transformed the Afghan conflict, which up to that time could be described as a civil war, into a case of international aggression. Soviet troops have taken over the primary effort to suppress the nationalists and Soviet officials have assumed virtual control of both military and civilian government departments. While the resistance movement is still directed against the Marxists in nominal control of the Kabul government and particularly against Afghan Government security organs, it is now focused primarily against the Soviet intruders.

By invading Afghanistan, the Soviets damaged their relations both with the West and with the nonaligned Third World, in particular with Islamic countries. The recent November 20, 1980 vote in the U.N. General Assembly, where 111 nations supported a resolution calling for the withdrawal of foreign troops from Afghanistan, underscores the fact that the Soviet action is still rejected. The plight of the more than 1.2 million Afghan refugees in Pakistan has aroused international concern and keeps the Afghan question in the public view.

Efforts over the past year by various elements of the international community to persuade the Soviets to join in serious discussions for a political settlement have come to nought. There is no indication that the Soviets are prepared to agree to any solution which entails the prompt withdrawal of their troops. Their continued insistence on basing negotiations on the May 14, 1980 proposals of the Babrak Karmal government rules out any meaningful discussion. These proposals would legitimize the present government in Kabul and, by implication, the Soviet role as well and would require the cessation of all resistance as a precondition for the withdrawal of Soviet troops.

The Soviets seem to have consistently miscalculated in Afghanistan. If they believe that the resistance is losing its momentum, then they are still misjudging the Afghan equation.

In this situation, all indications are that the Soviets are digging in for a long stay. Publicly, they maintain that things are going well in Afghanistan. While the prolonged nature of the conflict inevitably raises questions in Moscow, those in the Soviet hierarchy who opted for the invasion probably still believe that it will eventually accomplish its objectives.

The Soviets seem to have consistently miscalculated in Afghanistan. If they believe that the resistance is losing its momentum, then they are still misjudging the Afghan equation. The fact that the situation in Afghanistan is a standoff after a year of punishing Soviet military operations is in itself a psychological victory for the nationalists.

The Situation in December 1979

In December 1979, it was clear that the Government of the Democratic Republic of Afghanistan (DRA) was in serious trouble. Insurgent groups were operating in many parts of the country and were exerting pressure on certain provincial capitals and military outposts. Their resilience was demonstrated by their ability to move back into Paktia Province in the wake of a major government military sweep in October 1979. At the same time, the Afghan Army was being eroded by large-scale defections, desertions, casualties, and the inability to obtain fresh conscripts from the many areas of the country which were already out of effective government control. Estimates of the Afghan Army size at that time range from 50,000–70,000 as opposed to 90,000–100,000 before the insurgency began.

In addition, then President Hafizullah Amin was feuding with the Soviets. Moscow had become deeply involved in Afghanistan's affairs soon after the People's Democratic Party of Afghanistan (PDPA), headed by Nur Mohammad Taraki, seized power in April 1978. Both Amin and Moscow were aware that the Soviets had conspired with Taraki to eliminate Amin. It was only apparently by a stroke of luck that Amin, following a September 14, 1979 shootout, had ended up as President while Taraki went to his grave.

If Amin had shown promise of ending the resistance, Moscow would probably have tried to continue to work with him. But the Soviets were well aware that Amin was generally considered by the Afghan people to be the man most responsible for the bitterly resented Marxist "reforms" and for the continuing wave of arrests and executions which had begun soon after the Marxists came to power.

The Soviets had been searching since the early summer of 1979 for a way to stop the swelling resistance to DRA authority. They had evidently concluded by December 1979 that a second attempt at drastic action was necessary. They may have been influenced by the fact that government forces had recently suffered a number of setbacks in areas surrounding Kabul and in northeastern Badakhshan Province on the Soviet border.

Observers of the Afghan scene, at that time, saw the return of Babrak Karmal, leader of the PDPA's Parcham faction, as a Soviet option but not one which promised a solution to the problem. Babrak, together with key supporters, had been forced into exile by the dominant Khalq faction leadership in July 1978.[1] In the eyes of the Afghan people, Babrak was just as much of a Communist as his predecessors. Furthermore, by December 1979 the Soviet advisory personnel in the country not only had increased numerically but also had begun to assume control to the point where the Soviets themselves were becoming a major focus of resentment. No one who came to power under Soviet sponsorship could have won the support of the people.

The Soviet Invasion and Continuing Military Role

On December 27, 1979, following a massive 2-day airlift of troops and equipment, a special Soviet assault unit surrounded Tap Tajbek Palace in the Darulaman complex, where President Amin was living. Afghan forces loyal to Amin defended the palace but were overcome after several hours of fighting. Amin and members of his family were executed.

At the same time, Soviet forces moved quickly to secure Radio Afghanistan, where Afghan troops put up resistance, and other key civilian and military installations in the Kabul area. Two Soviet motorized rifle divisions promptly entered Afghanistan by land, and by January 1, 1980 there were at least 30,000–40,000 combat troops in the country. By January 20 that number had grown to 80,000, and it subsequently leveled off at a figure of approximately 85,000 in Afghanistan and another 30,000 supplementary forces just over the Soviet border.

On June 22, the Soviets announced the withdrawal of some of their troops from Afghanistan. These troops, numbering approximately 5,000, turned out to be forces unsuited to Afghan terrain or to fighting against hit-and-run guerrilla operations. The withdrawal, which occurred during the allied summit conference in Venice and several weeks before the Moscow Olympics, was clearly for propaganda purposes. Even as the unwanted forces were being withdrawn, new and more useful units were being introduced, and the total figure was soon back up to 85,000.

While the force level has remained stable throughout most of the year, the Soviets have made a number of changes to improve their military capability. They have substituted seasoned troops for reservists and reorganized the command and control structure to permit a more flexible response to the insurgency. The most striking change has been in the increasing size of the helicopter force. Helicopter gunships have proved to be the most formidable weapon in the Soviet arsenal, and over the year their number in Afghanistan has quadrupled to a current force of about 240.

These changes have become necessary as the Soviet forces have had to assume the major burden of military operations against the resistance. Moscow's initial intention appears to have been to secure major cities and towns and the lines of communication, while stiffening the spine of the Afghan forces who would be free to pacify the countryside. From the beginning, however, it was clear that the Soviets had misjudged their ability to keep the Afghan forces in line. In fact, the Soviets' first combat experience in Afghanistan was against rebelling Afghan troops.

Since the first winter push into troubled Badakhshan Province, Soviet forces have been continuously engaged in counterinsurgency operations. At some time or another over the course of the spring, summer, and fall of 1980 they have operated in virtually every province of the country. Certain strategic regions have been subjected to repeated Soviet offensive operations. Among these are the eastern provinces, where the Soviets have tried, unsuccessfully, to seal the Pakistan border.

Soviet military operations were significantly stepped up in the fall months, probably an effort to enter winter in as strong a position as possible. Winter weather will force the *muhajidin* to come down from the hills but will also reduce the mobility of the Soviets.

Soviet troops have reportedly retaliated brutally against villages suspected of harboring nationalists. Homes have been leveled, crops destroyed, and grain stocks burned. There have been reports of Soviet troops massacring the inhabitants of villages in their rage at not finding the elusive resistance forces. There is convincing evidence that the Soviets have used both irritants and incapacitating chemical agents against the insurgents. Reports of the use of lethal chemicals are under investigation.

There are some indications that Soviet troops have suffered from poor morale in Afghanistan. Soviet casualties have outnumbered those of their Afghan Army counterparts. There are also many reports of undisciplined behavior, including black market operations, rape, and looting of shops and homes.

Weaknesses of the Babrak Regime

Babrak Karmal returned to Kabul with a tough assignment: to persuade the people of Afghanistan to reduce their hostility to the Marxist government and accept the Soviet military presence. He was to effect a reconciliation between the estranged Khalq and Parcham factions of the People's Democratic Party, in order to establish as broad a base as possible despite the fact that his Soviet sponsors had killed the Khalqi leader, Hafizullah Amin. Nonparty people were to be brought into the government to produce the image of a national front. Finally, he envisaged conciliatory policies to persuade the people that the new government was not anti-Islamic and that it was genuinely prepared to roll back widely resented social and economic measures dating from the early days of the DRA.

Babrak has not thus far succeeded in his program. He has failed to heal the Khalq-Parcham split despite the importance which the Soviets attached to this goal. The new government was a carefully contrived coalition of Babrak's Parcham group and those Khalqis who had been opposed to Amin. Because many Parchamis had been imprisoned and tortured by Taraki's secret police chief, Assadullah Sarwari, who became a Deputy Prime Minister, there were bitter personal scores to be settled at all levels of the party organization.

The feuding broke out almost immediately. Throughout the winter, spring, and early summer of 1980 reports of violent confrontations between the factions continued, and each faction appeared to be plotting to overthrow the other. The resented Soviet presence exacerbated the

Salvadorean Government released 22 political prisoners on March 21, but Liebes was found dead the next day.

FARN had also kidnapped six foreign businessmen during November and December of 1978. A Japanese was killed, but the others were released after their employers paid substantial ransoms.

On May 4 members of the Popular Revolutionary Bloc (BRP) seized the Costa Rican and French Embassies, taking 11 hostages, including both Ambassadors, and demanding the release of 5 of their imprisoned leaders. On May 8 the Costa Rican Ambassador and his four companions escaped, and their captors agreed to accept safe conduct to Costa Rica. The French Government sent a special envoy to help negotiate the release of its Ambassador and his five companions.

On May 11 the Salvadoran Government released two BRP leaders but denied that it held the other three. Nine members of the BRP then seized the Venezuelan Embassy, capturing the Ambassador and seven other persons. These hostages escaped on May 20. The government then cut off food, water, and electricity to the Embassy. Security forces dispersed a demonstration calling for resumption of food supplies to the occupants, and the government declared a state of siege on May 23. Venezuela ordered the evacuation of its nationals from El Salvador. On June 1 the terrorists at both Embassies freed their hostages in return for safe conduct to Panama. They were later granted asylum in Cuba.

Iran, 1979

On November 4, 1979, a mob of Iranian students occupied the American Embassy in Tehran and captured 66 Americans, all but 2 of them Embassy personnel. On November 7, the Iranians demanded the return of the deposed Shah, who had been admitted to the United States for medical treatment, as a precondition for release of the hostages. The United States stopped delivery of military supplies (November 9), suspended imports of Iranian oil (November 12), froze Iranian assets (November 14), and began to assemble naval forces in the Indian Ocean.

Iran released one woman and two black Marine Security Guards on November 19, and four women and six blacks the next day. The remaining hostages were threatened at various times with trial as spies. Six members of the Embassy staff had escaped from the Consular Section during the takeover and found shelter at the Canadian Embassy. Canada closed its Embassy on January 28, 1980, and brought the six Americans out the next day.

Despite support from the United Nations and two favorable rulings by the International Court of Justice, the United States was unable to secure the release of the hostages until minutes before President Carter left office on January 20, 1981. The United States broke relations with Iran on April 7 and banned travel to Iran on April 20. An attempt to rescue the hostages failed on April 25, resulting in the deaths of eight American military personnel. Secretary of State Cyrus Vance resigned shortly thereafter. Richard Queen, a consular officer, was released on July 10 due to ill health.

Following the death of the former Shah on June 27, Iran modified its demands to include the return of the Shah's wealth, cancellation of American claims against Iran, unfreezing of assets, and a promise of noninterference in Iranian affairs. On November 3 the Iranian militants turned the hostages over to the government. Negotiations leading to the release of the hostages began in Algiers on November 10.

Turkey, 1979

On July 13, 1979, four Palestinian terrorists stormed the Egyptian Embassy, killing a policeman and 2 security guards and taking 20 hostages, including the Egyptian Ambassador. They demanded that Egypt free two Palestinians and that Turkey break relations with Egypt recognize Palestine, and grant them safe conduct to an undisclosed destination. One hostage was freed during the negotiations and four others escaped. The rest were freed when the terrorists surrendered 2 days later.

Colombia, 1980

On February 27, 1980, Colombian terrorists seized the Embassy of the Dominican Republic in Bogota, capturing 30 diplomats from 17 countries, including 15 chiefs of missions. Ambassador Diego Asencio was the only American among them. The terrorists initially demanded the release of 311 political prisoners, a $50 million ransom, and government publication of their manifesto. They gradually reduced their demands and released all but 18 of their hostages. The remaining hostages, including Ambassador Asencio, were freed on April 27 in return for a $2.5 million ransom and passage to Cuba.

El Salvador, 1980

On January 11, 1980, 50 members of the 28 February Popular League seized the Panamanian Embassy and took seven hostages, including the Ambassadors of Panama and Costa Rica. They demanded the release of several members of their group who had been arrested a month earlier. The Salvadorean Government complied, and the hostages were released on January 14.

On February 4, members of the Popular League seized the Spanish Embassy and took 11 hostages, including the Ambassador. They demanded that five political prisoners be released and that Spain break relations with El Salvador. They gradually released their hostages freeing the last two Spanish diplomats on February 18, after the Salvadoran Government freed the last of the prisoners in question.

On February 13, a group of leftists briefly occupied the Panamanian Embassy, took the Ambassador and two other persons hostage, and demanded the release of political prisoners. They departed the Embassy after the Ambassador promised to present their demands to the Salvadoran Government.

United Kingdom, 1980

On April 30, six Iranian Arabs seized the Iranian Embassy in London, took 26 hostages, and demanded that Iran release 91 political prisoners and grant more rights to its Arab minority. Five hostages were released over the next 5 days. On May 5 two hostages were killed and the remainder threatened with execution. A Special Air Services team stormed the Embassy, rescued the remaining 19 hostages, and killed five of the six terrorists. Much of the Embassy was destroyed by fire.

Lebanon, 1981

On February 6, 1981, pro-Syrian terrorists, calling themselves "The Eagles of the Revolution," kidnapped Jordanian charge d'affaires. Hisham Moheissen in Beirut. Three security guards were killed. The terrorists have threatened to kill Moheissen unless seven defecting Syrian Air Force pilots are returned, two from Jordan and five from Iraq. A February 9 deadline for compliance passed, but Moheissen's whereabouts remain unknown. Jordan has recalled its Ambassador to Syria. ■

Visit of Jamaican Prime Minister

Prime Minister Edward Seaga of Jamaica made an official visit to Washington, D.C., January 27-29, 1981, to meet with President Reagan. Following are remarks exchanged at a luncheon at the White House on January 28, and an exchange of remarks at the Prime Minister's departure on January 29.

LUNCHEON REMARKS
JAN. 28, 1981[1]

President Reagan

It's a pleasure for Nancy and me to welcome all of you here today. It's an honor of great significance to be host to the leader of a nation that is not only a close friend and a good neighbor of the United States but, with recent struggles to remain free of foreign interference, is an inspiration to the world.

You are the first head of state to be our guest since I have taken office, and this tells me a great deal, because it speaks to the bond between our two countries. We share the commitment of free people around the world. We also share a personal bond, because we have come to office at nearly the same moment in history. We are both faced with problems, and we both perceive great opportunities for our countries.

Discussing some of our natural concerns during the meeting this morning made me even more mindful of the matters that bring us together. The times in which we find ourselves, the world in which our countries and the people exist require great courage. The trust given to every free individual, and particularly to you and me, is to protect and insure for our children and our children's children liberty.

It's a special pleasure, to welcome a leader of such unique and personal courage. That courage and the bold message that your people sent the world in electing you to lead them is testimony to the power of one man's dedication of the affirmation of free people, a democracy, and free enterprise. I pledge to you the good will, the cooperation, and the moral and material assistance of the United States as you are to meet the many challenges you will face in the months ahead. Some of these challenges will come from forces hostile to our shared transitions and mutual interests. I'm confident that you will fulfill the trust that is placed in you by your country and embody the hope of all free people, not only in the Caribbean but in this hemisphere and around the world.

Those here, today, who believe in free enterprise have a great opportunity to put that belief into action. The Prime Minister shares that belief, and his country's greatest need is the development of business and industry to provide a sound private-sector economic base in his country.

I would ask that you join me in a toast to the Prime Minister of Jamaica and Mrs. Seaga and to the friendship and alliance that we've renewed here today and to the common endeavor to preserve the peace, independence, and the freedom of his country.

Prime Minister Seaga

It has been a great honor for my wife and myself and my delegation to have been the first invitees of your new Administration to Washington on an official visit. This honor has, in fact, caused some degree of speculation as to why we have been selected as the first of many. And in pondering the many possibilities as to the reason for this honor on my country and on ourselves, I'm reminded of the story of a centipede that was suffering from arthritis. [Laughter]

The centipede decided to consult with a doctor who was a stork. The stork made the obvious observation that he didn't have as much a problem in arthritis as the centipede did because he had only two legs, and, therefore, the solution to the problem was to reduce the centipede to two legs. The centipede considered this and realizing that there would be a 98% improvement immediately—[Laughter]—decided that it would be worthwhile. But out of the caution of all those creatures that move slowly, he was prompted to ask, "Tell me, how are you going to make this transformation?" to which the stork replies, "I don't know. That's policy." [Laughter]

We don't know whether we are here for reasons of policy, but we would like to think that there are policies being evolved surrounding our presence. We know that we, too, suffer from the problems of the centipede. As a nation, economically and politically, we are arthritic. We have inherited the malady, and it is a malady that is going to take time to cure. We know that you have policies that can assist us in curing them, and if there is one policy that ought to predominate in our thinking at this stage, it is the common outlook that we have in regard to how to deal with the difficult situations.

I say it here and now that although we are your guests, we are not guests who are here to take advantage of a situation by making enormous requests for assistance and for aid. That is not the purpose of our visit. Indeed, of the many issues that we are raising for discussion between the two Administrations, aid plays a very minor role. Our concept of policy in this matter is one which directs to the possibility of developing greater flows in trade and in finance, the flows that will move capital and technology across the border to the economic development and betterment and mutual betterment of our people. This being our policy outlook, therefore, we hope that our arthritic problem may have the necessary injections, which won't be by

(White House photo by Bill Fitz-Patrick)

President and Mrs. Reagan and Prime Minister and Mrs. Seaga uses of nuclear energy, with annex and exchange of notes. Signed at Bogota Jan. 8, 1981. Enters into force on the date of receipt of letter with written notification that each party has complied with its applicable requirements for entry into force.

Egypt
Agreement for sales of agricultural commodities, relating to the agreement of June 7, 1974, (TIAS 7855) with agreed minutes. Signed at Cairo Dec. 14, 1980. Entered into force Dec. 14, 1980.

German Democratic Republic
Consular convention, with exchange of notes. Signed at Berlin Sept. 4, 1979.
Instruments of ratification exchanged: Jan. 19, 1981.
Entered into force: Feb. 19, 1981.

India
Agreement amending the agreement of Sept. 28, 1980, as amended, relating to fertilizer promotion. Signed Dec. 15, 1980.

Indonesia
Agreement for sales of agricultural commodities, with agreed minutes. Signed at Jakarta Dec. 2, 1980. Entered into force Dec. 2, 1980.

International Atomic Energy Agency
Agreement for the application of safeguards in the U.S., with protocol. Signed at Vienna Nov. 18, 1977. Entered into force Dec. 9, 1980. Proclaimed by the President: Dec. 31, 1980.[8]

Israel
Agreement to support the economic and political stability of Israel by providing a grant in the amount of $395,000,000. Signed at Washington Dec. 3, 1980. Entered into force Dec. 3, 1980.

Japan
Agreement relating to space shuttle contingency landing sites. Effected by exchange of notes at Tokyo Jan. 28, 1980. Entered into force Jan 28, 1980.

Agreement relating to space launch assistance, with exchange of letters. Effected by exchange of notes at Washington Dec. 3, 1980. Entered into force Dec. 3, 1980.

Agreement relating to government procurement in the field of telecommunications, with joint statement. Effected by exchange of letters at Washington Dec. 19, 1980. Entered into force Dec. 19, 1980; effective Jan. 1, 1981.

Liberia
Agreement for sales of agricultural commodities, relating to the agreement of Aug. 13, 1980 (TIAS 9841). Signed at Monrovia Jan. 8, 1981. Entered into force Jan. 8, 1981.

Malawi
Agreement for sales of agricultural commodities, with agreed minutes. Signed at Blantyre Dec. 30, 1980. Entered into force Dec. 30, 1980.

Mexico
Agreement amending the agreement of July 25, 1980, (TIAS 9822) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Dec. 2, 1980. Entered into force Dec. 2, 1980.

Minute 264 of the International Boundary and Water Commission: Recommendations for solution of the New River border sanitation problem at Calexico, California, Mexicali, Baja California Norte. Signed at Ciudad Juarez Aug. 26, 1980. Entered into force Dec. 4, 1980.

Agreement concerning fisheries off the coasts of the U.S. Signed at Washington Aug. 26, 1977. Entered into force Dec. 29, 1977. TIAS 8852.
Notice of termination: Mexico, Dec. 29, 1980; effective June 29, 1981.

Fisheries agreement, with exchange of notes. Signed at Mexico Nov. 24, 1976. Entered into force Nov. 24, 1976. TIAS 8853.
Notice of termination: Mexico, Dec. 29, 1980; effective Dec. 29, 1980.

Netherlands
Memorandum of understanding between the U.S. and the Netherlands relating to cooperation in the field of environmental protection. Signed at Leidschendam Nov. 25, 1980. Entered into force Nov. 25, 1980.

Norway
Memorandum of understanding governing prestockage and reinforcement of Norway. Signed at Washington Jan. 16, 1981. Entered into force Jan. 16, 1981.

Panama
Agreement concerning the transfer of the Gamboa Penitentiary from the U.S. to Panama. Effected by exchange of notes at Panama Dec. 30, 1980. Entered into force Dec. 30, 1980.

Singapore
Agreement amending the agreement of Sept. 21 and 22, 1978 (TIAS 9214), as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Nov. 24 and Dec. 12, 1980. Entered into force Dec. 12, 1980.

Turkey
Treaty on extradition and mutual assistance in criminal matters. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981. Proclaimed by the President: Dec. 31, 1980.

Treaty on the enforcement of penal judgments. Signed at Ankara June 7, 1979. Entered into force Jan. 1, 1981. Proclaimed by the President: Dec. 31, 1980.

Turks and Caicos Islands
Agreement relating to the establishment of a Peace Corps program in the Turks and Caicos Islands. Effected by exchange of letters at Washington Apr. 17 and Dec. 5, 1980. Entered into force Dec. 5, 1980.

Venezuela
Maritime boundary treaty. Signed at Caracas Mar. 28, 1978. Entered into force Nov. 24, 1980.
Proclaimed by the President: Jan. 3, 1981.

January 1981

January 4
In El Salvador, two Americans, working as advisers to the Government of El Salvador, are slain.

January 7
In Geneva, U.N. Conference on Namibia convenes. The conference stems from a diplomatic initiative begun more than 3 years ago by the United States, Britain, France, West Germany, and Canada which undertook to seek an internationally acceptable resolution on the status of Namibia.

January 14
U.S. resumes military assistance to El Salvador which was temporarily suspended on Dec. 5, 1980.*

January 15
Efforts to obtain an agreement on a date for a ceasefire in Namibia come to an inconclusive end.

Stephen M. Schwebel, State Department Deputy Legal Adviser, is elected by the U.N. General Assembly to the International Court of Justice.

January 17
Philippines President Ferdinand E. Marcos lifts martial law which he declared 8 years ago.

U.S. announces provision to El Salvador of $5 million in emergency military equipment including arms and ammunition and services under section 506A of the Foreign Assistance Act.

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[1] With declaration.
[2] With reservation(s).
[3] With statement.
[4] Not in force.
[5] Not in force for the U.S.
[6] Applicable to Berlin (West).
[7] Subject to approval or ratification.
[8] With understandings. ■

Jan. 1, 1976; for the U.S., Jan. 1, 1976 provisionally; Apr. 1976, definitively. TIAS 8231.
Accession deposited: Guyana, Sept. 19, 1980.
Ratification deposited: Qatar, Nov. 13, 1980.

Money orders and postal travellers' checks agreement, with detailed regulations. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976; for the U.S., Jan. 1, 1976, provisionally; Apr. 14, 1976, definitively. TIAS 8232.
Ratification deposited: Qatar, Nov. 13, 1980.

Publications
Statutes of the international center for the registration of serial publications. Done at Paris Nov. 14, 1974, and amended Oct. 11 and 12, 1976. Entered into force Jan. 21, 1976; for the U.S., Mar. 31, 1978 (provisionally).
Accession deposited: Denmark, Nov. 5, 1980.

Racial Discrimination
International convention on the elimination of all forms of racial discrimination. Adopted at New York Dec. 21, 1965. Entered into force Jan. 4, 1969.[5]
Accession deposited: Uganda, Nov. 21, 1980.

Seals
Protocol amending the interim convention of Feb. 9, 1957, as amended and extended (TIAS 3948, 5558, 6744, 8368), on conservation of North Pacific fur seals. Done at Washington Oct. 14, 1980.[4]
Declaration of provisional application deposited: Canada, Jan. 27, 1981.

Space
Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow Mar. 29, 1972. Entered into force Sept. 1, 1972; for the U.S. Oct. 9, 1973. TIAS 7762.
Succession deposited: Papua New Guinea, Nov. 13, 1980.

Sugar
International sugar agreement, 1977, with annexes. Done at Geneva Oct. 7, 1977. Entered into force provisionally Jan. 1, 1978; definitively Jan. 2, 1980. TIAS 9664.
Notification of withdrawal deposited: Portugal, Oct. 7, 1980; effective Nov. 6, 1980.

Terrorism
Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.
Accession deposited: Togo, Dec. 30, 1980.

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[4]
Ratification deposited: Sweden, Jan. 15, 1981.
Signatures: New Zealand, Dec. 24, 1980; Yugoslavia, Dec. 29, 1980.

Trade
Agreement on technical barriers to trade. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9616.
Acceptance: Romania, Oct. 27, 1980.

Agreement on government procurement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptance deposited: U.S., Dec. 30, 1980.

Geneva (1979) protocol to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1979. Entered into force Jan. 1, 1980. TIAS 9629.
Ratification deposited: F.R.G., Nov. 7, 1980.[6]

Agreement on implementation of article VII of the General Agreement on Tariffs and Trade (customs valuation). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptances: Argentina, Sept. 30, 1980;[1,2,7] Yugoslavia, Nov. 3, 1980.[7]
Acceptances deposited: Norway, Oct. 24, 1980; U.S., Dec. 30, 1980.
Ratifications deposited: Finland, Oct. 24, 1980; Sweden, Oct. 1, 1980.

Protocol to the Agreement on implementation of article VII of the General Agreement on Tariffs and Trade. Done at Geneva Nov. 1, 1979. Entered into force Jan. 1, 1981.
Acceptances: Argentina, Sept. 30, 1980;[1,2,7] Yugoslavia, Nov. 3, 1980.[7]
Acceptances deposited: Norway, Oct. 24, 1980; U.S., Dec. 30, 1980.
Ratifications: Finland, Oct. 24, 1980; Sweden, Oct. 1, 1980.

U.N. Industrial Development Organization
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[4]
Ratifications deposited: Bolivia, Egypt, Jan. 9, 1981; Korea, Dec. 30, 1980; Romania, Nov. 28, 1980; Uruguay, Dec. 24, 1980.
Signatures: Bulgaria, Jan. 6, 1981; Czechoslovakia, Nov. 26, 1980; Kuwait, Jan. 7, 1981.

Whaling
International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of adherence: China, Sept. 24, 1980.[1]

Wheat
Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement) 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions, July 1, 1979, with respect to other provisions. TIAS 9878.
Ratification deposited: Brazil, Jan. 15, 1981.

Food aid convention, 1980 (part of the International Wheat Agreement, 1971, as extended (TIAS 7144, 9878)). Done at Washington Mar. 11, 1980. Entered into force provisionally for the U.S. July 1, 1980; definitively Nov. 11, 1980.
Ratification deposited: Finland, Dec. 31, 1980.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[4]
Signature: Jordan, Dec. 3, 1980.

World Heritage
Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.
Acceptances deposited: Portugal, Sept. 30, 1980; Democratic Yemen, Oct. 7, 1980.

BILATERAL

Algeria
Agreement extending the agreement of May 22, 1980, (TIAS 9780) for mutual assistance in connection with the investigation of activities of International Systems and Controls Corporation and International Telephone and Telegraph Company, their affiliates and subsidiaries, to include Inforex, Inc., and its subsidiaries and affiliates. Effected by exchange of letters at Washington Dec. 18, 1980.
Entered into force Dec. 18, 1980.

Australia
Agreement concerning peaceful uses of nuclear energy, with annex and agreed minute. Signed at Canberra July 5, 1979.
Entered into force: Jan. 16, 1981.

Agreement for cooperation concerning civil uses of atomic energy, as amended (TIAS 3820, 4687, 6250). Signed at Washington June 22, 1956. Entered into force May 28, 1957.
Terminated: Jan. 16, 1981.

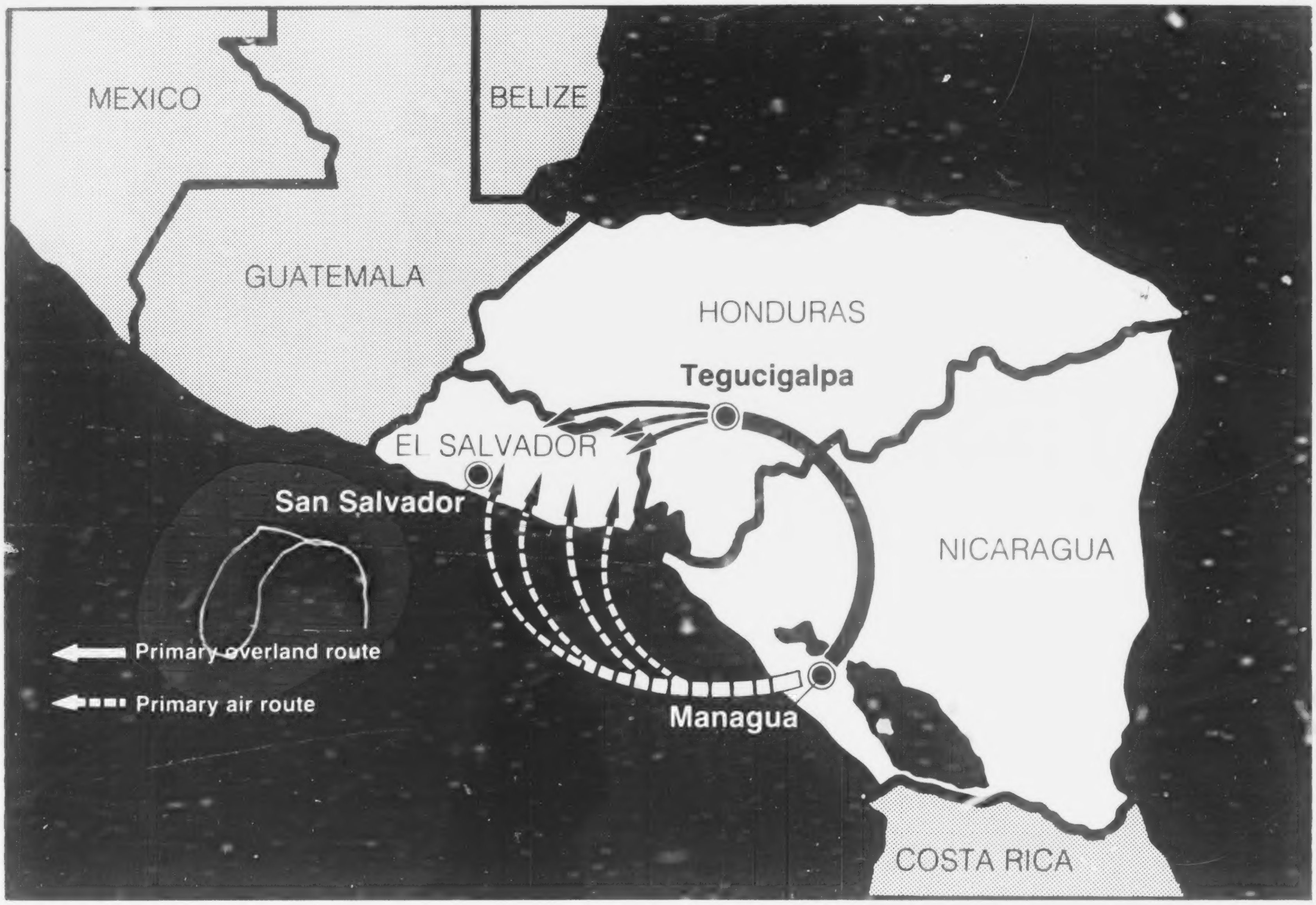
Botswana
Agreement concerning the establishment and operation of a space vehicle communications facility in connection with the space shuttle. Effected by exchange of notes at Houston Dec. 4, 1980. Entered into force Dec. 4, 1980.

Brazil
Interim agreement on salted cattlehides, manufactured leather products, and other trade matters, with record of discussion. Signed at Brasilia Mar. 14, 1980. Entered into force Apr. 17, 1980.
Terminated: Oct. 1, 1980.

Canada
Agreement relating to coordination between the U.S. and Canadian Coast Guards of icebreaking operations in the Great Lakes and St. Lawrence Seaway system. Effected by exchange of notes at Ottawa Oct. 28 and Dec. 5, 1980. Entered into force Dec. 5, 1980.

Agreement extending the agreement of Mar. 29, 1977, (TIAS 8560) relating to the establishment of an experimental Loran-C power chain in the vicinity of the St. Marys River, Ontario, and Michigan. Effected by exchange of notes at Ottawa Oct. 28 and Dec. 5, 1980. Entered into force Dec. 5, 1980.

Colombia
Agreement for cooperation concerning civil


MEXICO
BELIZE
GUATEMALA
HONDURAS
Tegucigalpa
EL SALVADOR
San Salvador
NICARAGUA
Managua
COSTA RICA
Primary overland route
Primary air route

Arms flow into El Salvador.

Communist Interference in El Salvador

Following is a reprint of a State Department special report on Communist involvement in the insurrection in El Salvador.

Summary

This special report presents definitive evidence of the clandestine military support given by the Soviet Union, Cuba, and their Communist allies to Marxist-Leninist guerrillas now fighting to overthrow the established Government of El Salvador. The evidence, drawn from captured guerrilla documents and war materiel and corroborated by intelligence reports, underscores the central role played by Cuba and other Communist countries beginning in 1979 in the political unification, military direction, and arming of insurgent forces in El Salvador.

From the documents it is possible to reconstruct chronologically the key stages in the growth of the Communist involvement:

- The direct tutelary role played by Fidel Castro and the Cuban Government in late 1979 and early 1980 in bringing the diverse Salvadoran guerrilla factions into a unified front;
- The assistance and advice given the guerrillas in planning their military operations;
- The series of contacts between Salvadoran Communist leaders and key officials of several Communist states that resulted in commitments to supply the insurgents nearly 800 tons of the most modern weapons and equipment;
- The covert delivery to El Salvador of nearly 200 tons of those arms, mostly through Cuba and Nicaragua, in preparation for the guerrillas' failed "general offensive" of January 1981;
- The major Communist effort to "cover" their involvement by providing mostly arms of Western manufacture.

It is clear that over the past year the insurgency in El Salvador has been progressively transformed into another case of indirect armed aggression against a small Third World country by Communist powers acting through Cuba.

The United States considers it of great importance that the American people and the world community be aware of the gravity of the actions of Cuba, the Soviet Union, and other Communist states who are carrying out what is clearly shown to be a well-coordinated, covert effort to bring about the overthrow of El Salvador's established government and to impose in its place a Communist regime with no popular support.

I. A Case of Communist Military Involvement in the Third World

The situation in El Salvador presents a strikingly familiar case of Soviet, Cuban, and other Communist military involvement in a politically troubled Third World country. By providing arms, training, and direction to a local insurgency and by supporting it with a global propaganda campaign, the Communists have intensified and widened the conflict, greatly increased the suffering of the Salvadoran people, and deceived much of the world about the true nature of the revolution. Their objective in El Salvador as elsewhere is to bring about—at little cost to themselves—the overthrow of the established government and the imposition of a Communist regime in defiance of the will of the Salvadoran people.

The Guerrillas: Their Tactics and Propaganda. El Salvador's extreme left, which includes the long-established Communist Party of El Salvador (PCES) and several armed groups of more recent origin, has become increasingly committed since 1976 to a military solution. A campaign of terrorism—bombings, assassinations, kidnappings, and seizures of embassies—has disrupted national life and claimed the lives of many innocent people.

During 1980, previously fragmented factions of the extreme left agreed to coordinate their actions in support of a joint military battle plan developed with Cuban assistance. As a precondition for large-scale Cuban aid, Salvadoran guerrilla leaders, meeting in Havana in May, formed first the Unified Revolutionary Directorate (DRU) as their central executive arm for political and military planning and, in late 1980, the Farabundo Marti People's Liberation Front (FMLN), as the coordinating body of the guerrilla organizations. A front organization, the Revolutionary Democratic Front (FDR), was also created to disseminate propaganda abroad. For appearances sake, three small non-Marxist-Leninist political parties were brought into the front, though they have no representation in the DRU.

The Salvadoran guerrillas, speaking through the FDR, have managed to deceive many about what is happening in El Salvador. They have been aided by Nicaragua and by the worldwide propaganda networks of Cuba, the Soviet Union, and other Communist countries.

The guerrillas' propaganda aims at legitimizing their violence and concealing the Communist aid that makes it possible. Other key aims are to discredit the Salvadoran Government, to misrepresent U.S. policies and actions, and to foster the impression of overwhelming popular support for the revolutionary movement.

Examples of the more extreme claims of their propaganda apparatus—echoed by Cuban, Soviet, and Nicaraguan media—are:

- That the United States has military bases and several hundred troops in El Salvador (in fact, the United States has no bases and fewer than 50 military personnel there);
- That the government's security forces were responsible for most of the 10,000 killings that occurred in 1980 (in their own reports in 1980, the guerrillas themselves claimed the killings of nearly 6,000 persons, including noncombatant "informers" as well as government authorities and military).

In addition to media propaganda, Cuba and the Soviet Union promote the insurgent cause at international forums, with individual governments, and among foreign opinion leaders. Cuba has an efficient network for introducing and promoting representatives of the Salvadoran left all over the world. Havana and Moscow also bring indirect pressure on some governments to support the Salvadoran revolutionaries by mobilizing local Communist groups.

II. Communist Military Intervention: A Chronology

Before September 1980 the diverse guerrilla groups in El Salvador were ill-coordinated and ill-equipped, armed with pistols and a varied assortment of hunting rifles and shotguns. At that time the insurgents acquired weapons predominantly through purchases on the internasocial and economic reforms, respect for human rights, and democracy.

The present Revolutionary Government Council includes three civilians (two Christian Democrats and one independent) and one military officer.

The governing Council has assumed the functions formerly held by the executive and legislative branches under the Romero regime while the judicial branch remains fully functional and independent. The formation of a Council of State which will include representatives from a wide variety of labor, professional, and business organizations was announced in December 1980.

Principal Government Officials

Members of the Governing Council

President—Jose Napoleon Duarte Fuentes
Vice President, Commander-in-Chief—Col. Jaime Abdul Gutierrez
Dr. Jose Ramon Avalos Navarette
Jose Antonio Morales Ehrlich

Ministers

Foreign Affairs—Dr. Fidel Chavez Mena
Justice—Mario Antonio Solano
Economy—Guillermo Diaz Salazar
Education—Carlos Aquillino Duarte
Security—Jose Garcia Marino
Labor—Julio Alfredo Samayoa
Public Health—Dr. Rodolfo Giron Flores
Planning—Atilio Vieytez
Agriculture—Octavio Orellana Solis
Public Works—Jorge Alberto Morales Guillen

Ambassador to the United States—Francisco Aquino
Representative to the O.A.S.—Ernesto Arrieta Peralta
Ambassador to the U.N.—Mauricio Rosales

El Salvador maintains an Embassy in the United States at 2308 California Street N.W., Washington, D.C. 20008 (tel. 202/265-3480).

POLITICAL CONDITIONS

After the overthrow of President Carlos Humberto Romero in October 1979, both left and right were caught by surprise. The far left accused the new civilian-military government of being a puppet of the United States and of the far right, and it moved to provoke open confrontation. The far right attempted to block the reform measures, and, when those pressures failed, it too attempted to overthrow the government.

In January 1980 the first junta dissolved because it could neither implement reforms nor deal with increasing violence. The young officers responsible for the October 15 movement did not waver in their commitment and succeeded in pursuading the Christian Democrats to join them in an interim coalition until a new government could be freely elected. In March 1980 a series of sweeping economic reforms was announced including: 1) an agrarian reform which expropriated all estates larger than 1,250 acres, and set the stage for granting 90% of all other arable land to peasant cooperatives or sharecroppers, 2) financial reforms, primarily through the nationalization of banks, and 3) nationalization of export marketing of primary products (coffee, sugar, and cotton). These moves effectively broke the control of the country by a privileged economic elite and confirmed the Revolutionary Government's credentials through concrete action.

In May 1980 the leftist opposition to the government formed the Unified Revolutionary Directorate (DRU) which in its manifesto is dedicated to the establishment of a Marxist, totalitarian government in El Salvador. In late 1980 the DRU and its largest organized component, the Democratic Revolutionary Front (FDR), refused overtures from the government to participate in a peaceful dialog and political process and rejected an offer from the Catholic Church to mediate an end to the violence.

On October 15, 1980, the government announced an amnesty for all its opponents willing to lay down their arms and to end the violence. Some individual guerrillas (about 260 during the first month) surrendered their arms and accepted the amnesty. The government also announced the formation of an electoral commission, elections for a constituent assembly in 1982, and free elections leading to the installation of a new government by mid-1983. Nevertheless, terrorist violence and associated guerrilla activity have continued throughout the country.

ECONOMY

Fundamental characteristics of the Salvadoran economy include the highest population density in mainland Latin America, 4.67 million people in an area the size of Massachusetts, and a population growth rate greater than 3%. Severe pressure exists on limited arable land and exploitable natural resources. High illiteracy, unemployment, and underemployment reduce opportunities in both agriculture and industry for the highly regarded and productive Salvadoran workers.

The small industrial sector, mostly related to the processing or production of light consumer goods, has developed significantly in the last two decades. The economic infrastructure such as roads, electric power, and commercial banking facilities, is fairly well developed. The economy is still primarily agricultural, with coffee representing more than 50% of total exports, followed in value by cotton and sugar. Corn, beans, and sorghum are the chief subsistence crops. In 1979, coffee contributed about 15% to GNP, about the same as the value added by the industrial sector.

The United States is El Salvador's principal trading partner, taking about 32% of its exports (mostly coffee, sugar, and shrimp) and providing 29% of its imports (mainly manufactured goods, vehicles, and machinery.) Although the U.S. market share dropped during the 1960s as U.S. products were displaced by imports from other Central American countries in the new-formed Central American Common Market, the U.S. market share has risen in recent years, partly as a result of changes in parity among major currencies which have made U.S. goods more competitive.

Private U.S. investment in El Salvador is estimated at $100 million, primarily in banking, refining, oil importing, and manufacturing.

The GNP throughout the 1960s and 1970s increased at annual rates averaging more than 5%. Like most other developing countries, El Salvador recovered from the 1973-74 oil crisis only to again face another sharp jump in its oil bill, beginning with the cutback in Iranian production in late 1978.

Since late 1978, the economy has been in a state of continual decline. GNP decreased 1.5% in 1979 and a decrease of near 10% in 1980 is expected. Growing violence has caused a decline in private investment. Industrial output and construction activity have also declined.

The socioeconomic reforms announced by the government in 1980 are expected to have a positive long-term impact. The land reform announced in March 1980 is being implemented in three stages. In the first stage all landholdings over 1,250 acres—largely estates producing sugar and cotton—have been converted into cooperatives. A second stage (land-to-the-tiller) seeks to turn over 7-hectare (17-acre) family farms to tenants who had sharecropped on smaller holdings of less than 100 hectares (250 acres). The final stage, which may be implemented in 1981, will affect landholdings between 100 and 500 hectares (250-1,250 acres). The land reform program has been bitterly opposed by extremists of both the left and the right employing terrorist violence. The left has stepped up violence to prevent full implementation of the reforms. Some of the largest landowners who have lost part of their power base in the country as a result of the reforms have also opposed the program.

The government has also initiated banking reforms in which it has assumed 51% of the ownership of all local banks and savings institutions. The measure is aimed at redirecting credit from traditional users to new landowners, cooperatives, and small businesses. Export sector reforms have nationalized the marketing of El Salvador's three most important export crops—coffee, cotton, and sugar.

As of late 1980 the Salvadoran economy faced a difficult short-term outlook. Earnings from coffee exports were declining due to the fall in world coffee prices, inflation averaged over 30%, and unemployment was on the rise. The country's deteriorating foreign exchange position poses a crucial immediate problem with credits for essential imports in short supply. El Salvador seeks foreign credits to finance necessary imports of raw materials and intermediate goods until such time as the political and economic situation becomes more stable.

International Monetary Fund (IMF) resources of over $40 million entered the economy in 1980 and further assistance is expected in 1981. The Inter-American Development Bank is proceeding with $65 million in new loans and the World Bank will add to its present programs which amount to $126.7 million. The U.S. Agency for International Development extended $63 million in assistance during FY 1981 and plans further substantial assistance in FY 1982. Other U.S. assistance in economic support funds and PL 480 (Food for Peace) adds to these figures.

FOREIGN RELATIONS

El Salvador is a member of the United Nations and several of its specialized agencies and the Organization of American States (OAS). It has aligned itself with non-Communist Western democratic countries. It has no relations with Cuba but has trade relations with a few of the Communist-bloc countries.

San Salvador is the site of the headquarters of the Organization of Central American States (ODECA), and El Salvador is a member of the various organizations and treaties which make up the Central American Common Market (CACM).

The conflict between El Salvador and Honduras in 1969 was a major concern of the Salvadoran Government until recently. Normal relations were reestablished with Honduras following the signing of a peace agreement on October 30, 1980. Difficulties inherent in the CACM were becoming evident even before the 1969 Honduran conflict. The primary concern was that certain of the members were drawing less benefit from the CACM than others. Talks held during 1970 in an effort to arrive at a new agreement for the operation of the CACM to resolve these problems were not successful. Efforts to restructure and revitalize the CACM are expected to intensify in 1981.

U.S.-SALVADORAN RELATIONS

Traditionally, U.S.-Salvadoran relations have been cordial and close. Under the Romero government, though, highly publicized human rights violations in El Salvador strained the relationship. The current government has pledged to respect human rights.

The U.S. Government wishes to: 1) maintain friendly and mutually beneficial relations with El Salvador; 2) encourage and assist the Revolutionary Government to continue and increase its efforts to secure political stability founded on democratic institutions, implement its basic socioeconomic reforms, and improve the living standards and general welfare of the Salvadoran people; 3) cooperate with the OAS to realize El Salvador's objective in assisting the success of the October 30 peace treaty, 4) encourage El Salvador to join its Central American neighbors in continued efforts to rejuvenate the CACM for the mutual economic benefit of the countries of the region; and 5) encourage El Salvador's continued support of the international principles and policies such as human rights and nonintervention to which the United States and other free nations subscribe.

The U.S. Embassy in El Salvador is located at 25 Avenida Norte No. 1230, San Salvador (tel. 26-7100, 25-9984). ■

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conflict, as the Khalqis blamed the Parchamis for bringing in the Soviets.

The conflict between the Khalqis and Parchamis came to a climax in June in a high-level confrontation, the details of which are not known. The eventual result was the diplomatic exile (as Ambassador to Mongolia) of Khalqi Deputy Prime Minister Assadullah Sarwari and his replacement by a less tainted figure. This move deprived the Khalqis of one of their most aggressive leaders.

The Khalq-Parcham conflict, however, has continued to boil. There have been credible reports of three major military coup plots involving Khalqi officers —in June, July, and mid-October. Khalqis are alarmed by the fact that the Parchamis are gradually removing middle-level and upper-middle-level Khalqi officials from their positions. Khalqis are reportedly preparing for an open armed struggle. Furthermore, it appears that some lower- and middle level Khalqis have joined forces with the insurgents.

The strength of the Khalqis in the military justifies Soviet efforts to keep the Parchamis from provoking open party warfare. So while Babrak's speeches to the Third PDPA Plenum in July and to the Fourth Plenum in mid-November both obliquely threatened purges of prominent Khalqi leaders, no dramatic cabinet-level changes followed. At the Fourth Plenum, Babrak established loyalty to Moscow as a new criterion for party membership and announced investigations of high-level officials who have abused their positions.

The Soviets are clearly concerned about the current paralysis in Afghanistan's Government and party operations, which can be attributed in large measure to the intraparty feuding. Since his return from his October 1980 trip to Moscow, Babrak has made two important speeches criticizing the lack of effective government and party leadership and calling for a fundamental change in attitudes. It is unlikely, however, that he will receive the cooperation that he wants, even from all elements of his own faction.

While Babrak's base of support is actually shrinking as a result of the continuing Khalq-Parcham struggle, he continues to try to appeal to all elements of society to join in a National Fatherland Front. After a year of endless speeches and conferences designed both to attract followers and to create the impression of broad support, there is no indication that the regime has made any progress along these lines. Indeed, many prominent individuals have fled the country precisely because they feared they would be approached to join the government.

Nor have the policies to nullify the unpopular "reform" decrees of the previous regimes been particularly fruitful. The Babrak government has offered to return land to former owners, but most have left the country; it has offered amnesty to refugees, but few have returned. A particular effort has been mounted to convince the people and religious leaders that this regime is dedicated to the ideals of Islam and is willing to return to the religious leaders their previous role in the countryside. A deal has not been struck, however, as the price for this concession is support of the government.

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The most striking example of the regime's failure has been in the crucial area of military manpower. The Afghan Army, demoralized by the purges of its pre-1978 leadership and by its assignment to fight against brother Afghans and Muslims, was already rapidly disintegrating before the Soviet invasion. The invasion provoked a further massive exodus, and rebellion, defection, and desertion have continued throughout 1980. By midsummer 1980 the army was probably down to 30,000–40,000, and the figure now may be closer to 25,000.

In view of this trend, the regime has taken draconian measures to obtain new recruits. House-to-house searches by impressment gangs started in Kabul in the spring and have been repeated periodically in the capital. There are many reports of boys age 14 and even younger being taken off in the night. Press gangs have also operated in other cities, and a prime objective of the Soviet and Afghan military offensives in the provinces during the summer and fall was to round up conscripts. It is clear, however, from a recent (December 3, 1980) speech by Babrak that these efforts and the new September 6, 1980 draft law have failed to alleviate the crisis.

To offset the dwindling size of the army, the regime has offered special incentives (high pay) to young people to join local militia units called Defense of the Revolution battalions. Like the army, however, these units remain critically undermanned and are plagued by frequent defections.

Failure to build up the Afghan Army and other security forces poses a special problem for the Soviets as it obliges them to continue to assume the main combat burden in anti-insurgency operations. If they fail to rebuild the Afghan Army and if the resistance persists at its current level, they may eventually have to introduce more forces to cope with the continuing resistance. At the moment, however, there are no indications that they are planning such a move.

The Resistance

In contrast to the Babrak government's failure to gain support over the past year is the dramatic growth in the number of organized resistance units actively fighting the regime and Soviet forces. It is impossible to ascertain the number in the field, but the Soviet invasion has involved the entire population in the conflict, and there remains a large reserve of untapped, potential insurgent manpower.

As much as 75% of the countryside may be out of the effective control of the government. There have been major civil disturbances in the important cities of Qandahar, Herat, and Jalalabad throughout the year. Soviet forces have engaged in active fighting inside these cities, but they remain in turmoil. Even Kabul has had its share of violence.

Nationalist bands have been very effective at ambushing convoys and even Soviet and Afghan military columns. They carry out frequent acts of sabotage. In some instances, they have been able to deny Soviet forces access to their strongholds, such as the Panjshir Valley and the Hazarajat. Their activities have forced government officials to abandon many district-level offices and police stations in the provinces. On the other hand, while they have seriously threatened various provincial capitals, they have not been able to capture one. When Soviet troops arrive in force, accompanied by assault helicopters, the resistance forces have to disperse. When the Soviets leave, however, they return.

The two major problems confronting the nationalists, as they seek to do battle with the formidable Soviet military machine, are the lack of coordination and a shortage of weapons and ammunition, particularly anti-tank and anti-aircraft weapons.

The early emergence in Pakistan of competing exile political organizations has served to create an impression of disarray in the overall resistance movement. Inside Afghanistan, however, the nationalists have, from the beginning, been organized under local leadership along tribal lines. There is a growing trend toward cooperation between tribal groups in some areas. While it would be a mistake to overrate the present organizational achievement of the new regional alliances, they may represent an important first step toward countrywide coordination. In any event, in many ways the spontaneous and countrywide nature of the resistance is one of its great strengths and makes it exceedingly difficult for the Soviet Army to suppress it.

The Babrak regime and the Soviets are well aware of the inherent dangers of tribal cooperation. They have worked to create discord by playing on traditional tribal rivalries, offering large bribes to tribes who will agree to support the government and even in some cases to serve as mercenaries. While the government has had some success along these lines, the well-publicized murder in September 1980 of the Minister of Tribal and Border Affairs, who was responsible for implementing this policy, was a major setback.

The dramatic increase in the number of potential freedom fighters over the year has created a demand for more weapons, and the challenge of Soviet helicopter gunships and tanks requires a more sophisticated arsenal. From the beginning, resistance weapons have come primarily from Afghan Army stocks through raids and from defectors. In August, the Soviets took all anti-tank and anti-aircraft weapons away from the Afghan forces, a clear sign that they were falling into the hands of the resistance and also an indication that the Soviets have tightened up weapon security.

Longer Term Soviet Programs

Moscow's present intention is clearly to cement Afghanistan firmly into the Soviet orbit, at the same time establishing the fiction of a legitimate, independent, and nonaligned government. The extraordinary reception which the Soviets gave Babrak during his mid-October visit to Moscow represented a major effort to convey an aura of legitimacy.

The Soviets are taking steps to secure their position over the longer term. Large numbers of Afghan students have been sent to the Soviet Union for their education over the past year; an August 12, 1980 protocol called for the enrollment of 1,500 students in Soviet institutions of higher education by early October. The Afghan party, government, and educational institutions are being reorganized in the Soviet mold. Economic ties between the two countries have been further strengthened as more and more of Afghanistan's trade is oriented toward the U.S.S.R. According to Babrak Karmal, the Soviet Union is now supplying 80% of Afghanistan's foreign aid. In addition to building permanent facilities for their military forces in Afghanistan, the Soviets are creating a basic cross-boundary infrastructure; they have built three bridges across the Amu Darya River, and railroad connections between the two countries are projected.

Cost to the Soviet Union

The Afghan adventure has been costly for the Soviet Union both in monetary terms and in terms of its relations with the rest of the world. The financial burden of maintaining its military presence and underwriting Afghanistan's rapidly deteriorating economy may be tolerable in the short term. As a long-term proposition, it may not be so attractive. Economic assets and development projects have been a prime target of nationalist attacks, and Babrak's recent speeches have underlined major dislocations in the economy.

More immediately significant, however, has been the damage to the Soviet Union's international image. Virtually all major international bodies have called for the immediate withdrawal of Soviet troops. The first instance was the overwhelming vote of 104–18 in the special session of the U.N. General Assembly convened in January 1980; in the recent November 20 General Assembly vote on the Afghan question the margin was increased to 111–22. In the intervening period, the Soviet invasion and occupation of Afghanistan was condemned by the Islamic Conference of Foreign Ministers on January 29 and again on May 21; by the U.N. Human Rights Commission on February 14; by the Foreign Ministers of the European Common Market and the Association of South East Asian Nations on March 7; and by the Interparliamentary Union Council on April 12 and again on September 24.

The United States and some other countries have restricted grain shipments to the U.S.S.R. The United States has also tightened controls on the sale of high technology items, embargoed phosphates—a source of fertilizer and animal feed supplements—sharply curtailed Soviet fishing rights in U.S. waters, and restricted scheduled commercial airline service between the two countries. In July, the international Olympics, held in Moscow, were boycotted by some 80 countries.

Deflecting international attention from Afghanistan is a prime goal of Soviet diplomacy. But the frequent defections of prominent Afghans and government officials and the steady stream of refugees pouring into Pakistan keep the issue very much alive.

Well-publicized defections during the course of the year have included those of Ahmad Hakim Tabibi, the Deputy Permanent Representative at the United Nations in January 1980; Abdul Rahim Ghafourzai, a diplomat who had been sent to defend the Afghan position at a meeting of the nonaligned group at the United Nations in February; eight members of the Afghan national football team in March; 11 members of the Afghan Olympic wrestling team in July; an Ariana Airlines crew in Frankfurt in September; and, most recently, the dramatic defection in October of Akhtar Mohammed Paktiawal, Afghanistan's delegate to the UNESCO [United Nations Educational, Scientific, and Cultural Organization] conference in Belgrade.

The presence of over 1.2 million refugees in Pakistan (up from 400,000 a year ago), with more arriving every day (as of mid-October the flow had averaged 80,000 a month since January 1980), has

Deflecting international attention from Afghanistan is a prime goal of Soviet diplomacy. But the frequent defections of prominent Afghans and government officials and the steady stream of refugees pouring into Pakistan keep the issue very much alive.

surgical means but by medicinal doses which will assist in helping us to overcome the problems we have inherited.

I would like to think, also, that our presence here is not only connected with the question of the transfusions between financial and trading movements of capital and goods. I would like to think that the signal that has been sent is a signal of the resumption of the great friendship that used to exist between the peoples of Jamaica and of the United States.

That great friendship had blossomed over many decades, cemented by bonds of migration, by bonds of investment, and by bonds of a commonality of interest among our people which have created a degree of inseparableness over which years we came to look at things together in like mind and in like manner. Over the past few years that bond was tested, tested severely and, indeed, ruptured in many instances when this country and its people were being made the maligned butt and reason for the failures of the policies of the regime which ruled in Jamaica at that time. We hope that our being selected as your first visitors is a sign and a signal that we can resume the friendship in the strength of bonds that we used to know between the American and Jamaican people.

And as a token of that resumption, I would like to make reference to a matter of human compassion, something that has nothing to do, whatsoever, with our reception here, for which we have had the greatest expressions of warmth on both sides. We are cognizant of the fact that the American people have suffered through 444 days of captivity of 52 of their citizens as hostages in Iran. And at times you wondered who your friends were. Well, some of your friends were sitting by and waiting for the day when they would be able to assist and to share in any manner in which they could find possible toward the solution and toward all the recovery programs that must proceed after the solution.

On behalf of my government, I have the greatest pleasure in offering, toward that recuperation and recovery, some of our sunshine, some of our beaches, some of our climate, by offering 1 week's private vacation to each of the hostages and their families at any time that they may wish to take this up in the course of this year.

We have had your great friendship and your hospitality. We have had the warmth of your Cabinet ministers and a great deal of cordiality from all with whom we have met. It has been a delightful occasion, and one which we hope will set the base for our future relations.

We congratulate you on your magnificent victory, and we look forward to your party taking up the enormous task that it has on its shoulders of world and domestic leadership and responding to the cause of world needs, responding to the cause of domestic needs in a balanced manner which will enhance your victory as a considerable achievement of the American people.

We thank you for the hospitality that you have offered, and we wish you the greatest success in your regime.

May I ask you all to rise and toast President and Mrs. Reagan, the Government and the people of the United States.

Jamaica—A Profile

Geography

Area: 4,411 sq. mi. **Capital:** Kingston (pop. 600,000).

People

Population: 2.2 million (1978 est.). **Annual Growth Rate:** 1.4%. **Ethnic Groups:** African (76.3%), Afro-European (15.1%), East Indian and Afro-East Indian (3.4%), European (3.2%), Chinese and Afro-Chinese (1.2%). **Religions:** Anglican, Pentecostal, and other Protestant; Roman Catholic. **Languages:** English, Creole.

Government

Type: Constitutional monarchy. **Date of Independence:** Aug. 6, 1962. **Constitution:** Aug. 6, 1962. **Branches:** *Executive*—Governor General (Chief of State, represents Queen of England), Prime Minister. Cabinet. *Legislative*—bicameral Parliament (21 Senators, 60 Representatives). *Judicial*—Court of Appeal. **Political Parties:** People's National Party (PNP), Jamaica Labour Party (JLP). **Suffrage:** Universal over 18.

Economy

GNP: $2.4 billion (1978 est.). **Real Growth Rate:** -1.7% (1978). **Per Capita Income:** $1,143 (1978). **Average Rate of Inflation:** 45% (1978). **Agriculture:** *Products*—sugar, bananas, citrus fruits, coffee, pimento, allspice, coconuts. *Labor Force*—28.1%. **Industries:** Bauxite, textiles, processed foods, sugar, rum, molasses, cement, metal, paper, chemical products, tourism. **Trade (1978):** *Exports*—$738 million: alumina, bauxite, sugar, bananas, citrus fruits and products, rum, cocoa. *Partners*—U.S. (37%), U.K. (24%), Canada (8%), Norway (7.5%), CARICOM (6.6%), U.S.S.R. (1.7%). *Imports*—$865 million: machinery, transportation and electrical equipment, food, fuels, fertilizer. *Partners*—U.S. (38%), Venezuela (16%), U.K. (10.5%), Canada (5.7%), Netherlands Antilles (5.4%), CARICOM (5%). **Official Exchange Rate:** 1.55 Jamaican dollars = US$1.00. **Economic Aid Received:** *U.S.*—$160.4 million (FY 1962-78). *International organizations*—$349.5 million (FY 1962-78). *Other Western countries*—$176.6 million (FY 1969-78).

Membership in International Organizations

U.N., OAS, IBRD, International Development Bank, Caribbean Development Bank, Caribbean Common Market, General Agreement on Tariffs and Trade, International Bauxite Association.

Principal Government Officials

Jamaica: Governor General—Florizel Glasspole; Prime Minister—Edward Seaga; Minister of Foreign Affairs—Hugh Shearer; Ambassador to the U.S.—Keith Johnson; **United States:** Ambassador to Jamaica—Loren E. Lawrence. ■

DEPARTURE REMARKS JAN. 29, 1981[1]

President Reagan

Prime Minister Seaga and I have found today that we have much in common, frankly, because we both came into office about the same time. We've been exchanging stories about how similar our problems are, but I also think we share the view that our peoples are also strong enough to solve those problems. I found our discussions to be very helpful, and I'm convinced that this meeting will help strengthen the ties of friendship between Jamaica and the United States.

I told Prime Seaga that our country noted with great pride his accomplishments at his election. The people of the United States take great hope from Prime Minister Seaga's election, and I am confident that we'll find ways to strongly support Jamaica. We are unrelaxed about the status of events in the Caribbean and the instability being inflicted on some countries in the Caribbean and in other places in the hemisphere from outside.

His election is a most hopeful event with which Americans can identify, and I'm delighted to start off my Presidency with this first visit. I can assure him and, indeed, all countries that the United States will continue to respect peaceful political change, change that, in this instance, offers great hope for freedom. I was impressed by the Prime Minister's strong commitment to rebuilding the Jamaican economy. I assured the Prime Minister that he could count on American support for his objectives, especially in his efforts to expand his country's private sector.

We are honored to have you as America's first foreign visitor in our Administration, and let me express my personal hope that the first shall not be the last.

Prime Minister Seaga

We are very pleased to have been honored to be the first visitor in an official visit to the United States under your Administration. This signal has many interpretations, but to our minds one of the interpretations which we would like to place on it is a new emphasis that may be developing in respect to Latin America and the Caribbean.

We have taken note of the fact that under the regime of former President Nixon there was a foreign policy thrust in the Far East, and that under President Carter there was a foreign policy thrust in Africa. We are hopeful that my visit here is a signal that there will be a foreign policy thrust in Latin America and the Caribbean.

This does not mean that in making new thrusts all responsibilities in our mind are being abandoned. It simply means that new areas are being explored. And if that is so, then the policy of good neighbors once again comes to the front. And we can promise that we will be an effective part of any program of good neighbors, because there is a great deal of commonality of interests between our peoples and the objectives of our leadership.

We have taken great interest in the career of President Reagan and in his success and in the timeliness of his success which has coincided with similar events taking place in the Caribbean over the last year. Six Caribbean countries have all unilaterally decided to shift—indeed, to revolt—from the left to the center. This has presented a timely moment and one which a new Administration coming in to Washington at that time has an opportunity to capture in terms of a universality of thinking and of action.

We hope that we may be a part of the development process of this country's interest in the Caribbean and that you may be a part of our process in thinking out our own problems. In short, this means consultations. It means sharing our thinking as to what problems will arise in my country and in the Caribbean with you and seeking answers that can be effective and practical and mutually of interest. It means when your problems are sticky that we may be available for consultation. It is on the basis of this mutuality that we see a forward program; we see a position of mutual interest developing into policies of good neighborliness, policies which can help in the rebirth of influence and position of Latin America and the Caribbean in the spectrum of the world.

We have had an excellent visit, and we have had discussions with the President and his team which are far-reaching and are of great interest. We sincerely hope that in the days to come that these will be renewed at other levels in a more practical sense. We thank you for the warm, cordial hospitality that you have offered us and for the sunshine. It only remains as to whose credit the sunshine is due, Jamaica's or California's. [Laughter]

President Reagan

Normally, I don't put a postscript on a tribute such as you've just paid, but I feel that all our people should know that one of the most gracious invitations has been extended by the Prime Minister. Those whom we honored here on the lawn yesterday—our returned, freed Americans and their families—have been invited, at any time that is suitable to them, to come as his guests on a visit to Jamaica. It was a most gracious gesture, and I think all Americans owe him a thank you for that. It will be a private vacation for them. They will be his guests only to the extent that he has made it available.

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[1] Text from Weekly Compilation of Presidential Documents of Feb. 2, 1981. ■

U.S.-Mexico Terminate Fishing Agreements

On December 29, 1980, the Government of Mexico formally notified the Government of the United States of its intention to terminate the two fishing agreements currently in force for the two countries. The U.S.-Mexico bilateral fisheries agreement signed on November 24, 1976, will expire on December 29, 1981, 1 year after the Mexican notification. The U.S.-Mexico Governing International Fisheries Agreement (GIFA), signed on August 26, 1977, will terminate on June 29, 6 months after the Mexican notification.

In 1976 both the United States and Mexico were on the eve of enforcing 200 mile zones in which each would control fisheries. At that point, we negotiated the first of two companion agreements designed to describe a mutually beneficial fisheries relationship between our countries. In 1977 the second agreement was negotiated. At the time, it was the hope and expectation of both governments that the two fishing agreements would establish the framework in which a mutually beneficial fisheries relationship could develop. It is now evident that our expectations that a positive fisheries relationship would result have not been realized.

The U.S. Government regrets that the Government of Mexico no longer believes that these two documents can provide the framework for achieving their objectives. We believe the termination of the agreements, unless they are replaced by a new mechanism, will severely hurt fishermen of both countries, not only those who now depend on fishing for their livelihood but also those who looked to the potential of the seas off the coasts of the two countries to create new opportunities.

With specific reference to the meaning for the United States of the termination of the 1976 agreement, the vessels involved in these fisheries off the coast of Mexico are small, individually-owned, mostly older boats that have a long history of small-scale fishing off that coast. After December 29, 1981, with the termination of this agreement, 76 small U.S. tuna vessels now permitted to fish inside 12 miles of the Pacific coast of Mexico and some 50 U.S. vessels fishing

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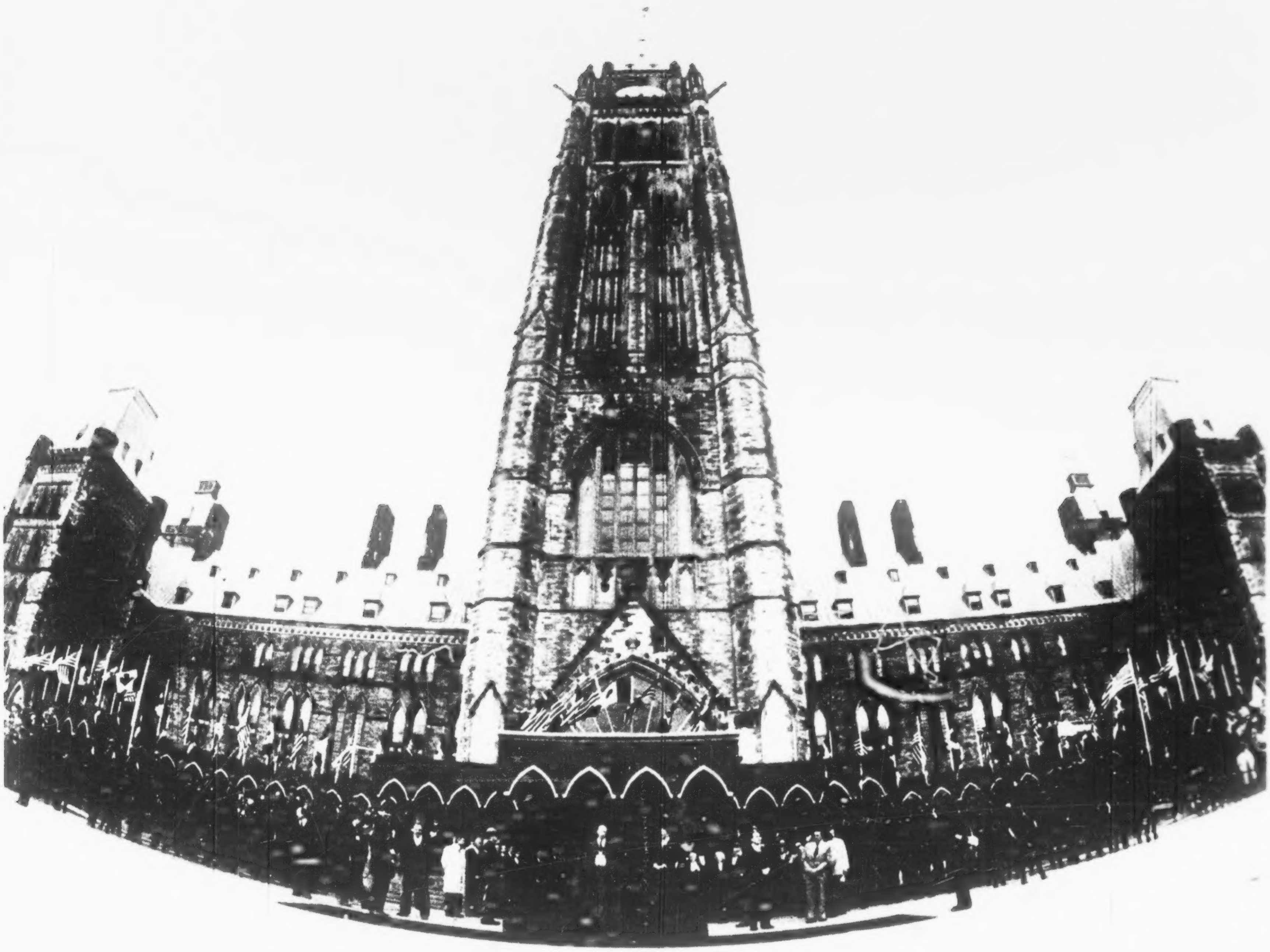


tional market and from dealers who participated in the supply of arms to the Sandinistas in Nicaragua.

By January 1981 when the guerrillas launched their "general offensive," they had acquired an impressive array of modern weapons and supporting equipment never before used in El Salvador by either the insurgents or the military. Belgian FAL rifles, German G-3 rifles, U.S. M-1, M-16, and AR-15 semiautomatic and automatic rifles, and the Israeli UZI submachinegun and Galil assault rifle have all been confirmed in the guerrilla inventory. In addition, they are known to possess .30 to .50 caliber machineguns, the U.S. M-60 machinegun, U.S. and Russian hand grenades, the U.S. M-79 and Chinese RPG grenade launchers, and the U.S. M-72 light antitank weapon and 81mm mortars. Captured ammunition indicates the guerrillas probably possess 60mm and 82mm mortars and 57mm and 75mm recoilless rifles.

Recently acquired evidence has enabled us to reconstruct the central role played by Cuba, other Communist countries, and several radical states in the political unification and military direction of insurgent forces in El Salvador and in equipping them in less than 6 months with a panoply of modern weapons that enabled the guerrillas to launch a well-armed offensive.

This information, which we consider incontrovertible, has been acquired over the past year. Many key details, however, have fallen into place as the result of the guerrillas' own records. Two particularly important document caches were recovered from the Communist Party of El Salvador in November 1980 and from the Peoples' Revolutionary Army (ERP) in January 1981. This mass of captured documents includes battle plans, letters, and reports of meetings and travels, some written in cryptic language and using code words.

When decipnered and verified against evidence from other intelligence sources, the documents bring to light the chain of events leading to the guerrillas' January 1981 offensive. What emerges is a highly disturbing pattern of parallel and coordinated action by a number of Communist and some radical countries bent on imposing a military solution.

The Cuban and Communist role in preparing for and helping to organize the abortive "general offensive" early this year is spelled out in the following chronology based on the contents of captured documents and other sources.

Initial Steps. The chronology of external support begins at the end of 1979. With salutations of "brotherly and revolutionary greetings" on December 16, 1979, members of the Communist Party of El Salvador (PCES), National Resistance (FARN), and Popular Liberation Forces (FPL) thank Fidel Castro in a letter for his help and "the help of your party comrades . . . by signing an agreement which establishes very solid bases upon which we begin building coordination and unity of our organizations." The letter, written in Havana, was signed by leaders of these three revolutionary organizations.

At an April 1980 meeting at the Hungarian Embassy in Mexico City, guerrilla leaders made certain "requests" (possibly for arms). Present at this meeting were representatives of the German Democratic Republic, Bulgaria, Poland, Vietnam, Hungary, Cuba, and the Soviet Union.

In notes taken during an April 28, 1980 meeting of the Salvadoran Communist Party, party leader Shafik Handal mentions the need to "speed up reorganization and put the Party on a war footing." He added, "I'm in agreement with taking advantage of the possibilities of assistance from the socialist camp. I think that their attitude is magnificent. We are not yet taking advantage of it." In reference to a unification of the armed movement, he asserts that "the idea of involving everyone in the area has already been suggested to Fidel himself." Handal alludes to the concept of unification and notes, "Fidel thought well of the idea."

Guerrilla Contacts in Havana. From May 5 to June 8, 1980, Salvadoran guerrilla leaders report on meetings in Honduras, Guatemala, Costa Rica, and Nicaragua. They proceed to Havana and meet several times with Fidel Castro; the documents also note an interview with the German Democratic Republic (G.D.R.) Chairman Erich Honecker in Havana. During the Havana portion of their travels, the Salvadoran guerrilla leadership meets twice with the Cuban Directorate of Special Operations (DOE, the clandestine operations/special forces unit of the Cuban Ministry of Interior) to discuss guerrilla military plans. In addition, they meet with the Cuban "Chief of Communications."

During this period (late May 1980), the Popular Revolutionary Army (ERP) is admitted into the guerrilla coalition after negotiations in Havana. The coalition then assumes the name of the Unified Revolutionary Directorate (DRU) and meets with Fidel Castro on three occasions.

VIETNAM PROMISES WEAPONS

Quantity	Type
192	9mm pistols
1,620	AR-15 (M-16) semiautomatic rifles
162	30-caliber machineguns
36	7.62mm M-60 machineguns
12	12.7-caliber M-50 antiair machineguns
36	62mm mortars
12	81mm mortars
12	DKZ-57 antitank rocket launchers
15,000	9mm rounds
1,500,000	AR-15 rounds (5.56mm)
240,000	7.62mm M-60 rounds
240,000	30-caliber rounds
130,000	12.7-caliber M-50 rounds
9,000	62mm mortar rounds
4,000	81mm mortar rounds
1,500	DKZ-57 antitank rocket grenades

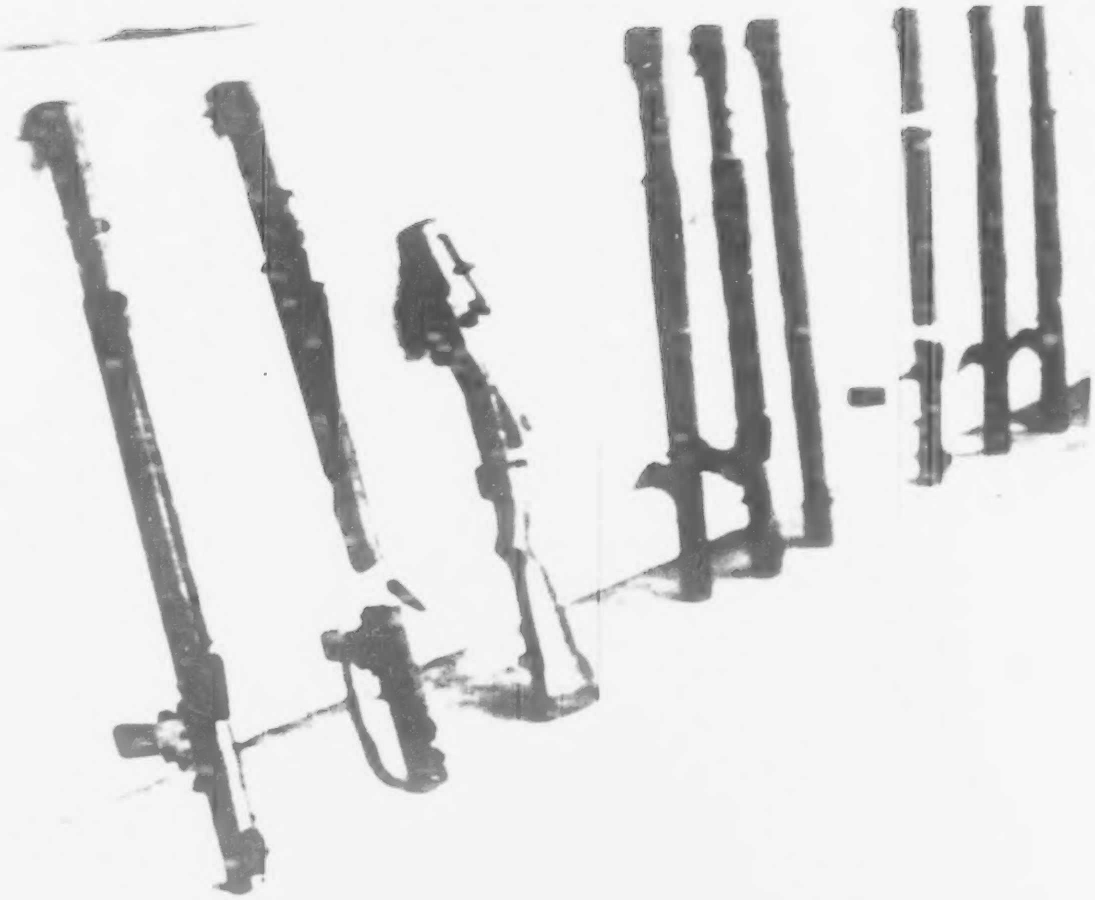
After the Havana meetings, Shafik Handal leaves Havana on May 30, 1980 for Moscow. The other Salvadoran guerrilla leaders in Havana leave for Managua. During the visit of early June, the DRU leaders meet with Nicaraguan revolutionary leaders (Sandinistas) and discuss: (1) a headquarters with "all measures of security"; (2) an "international field of operations, which they (Sandinistas) control"; and (3) the willingness of the Sandinistas to "contribute in material terms" and to adopt "the cause of El Salvador as its own." The meeting culminated with "dinner at Humberto's house" (presumably Sandinista leader Humberto Ortega).

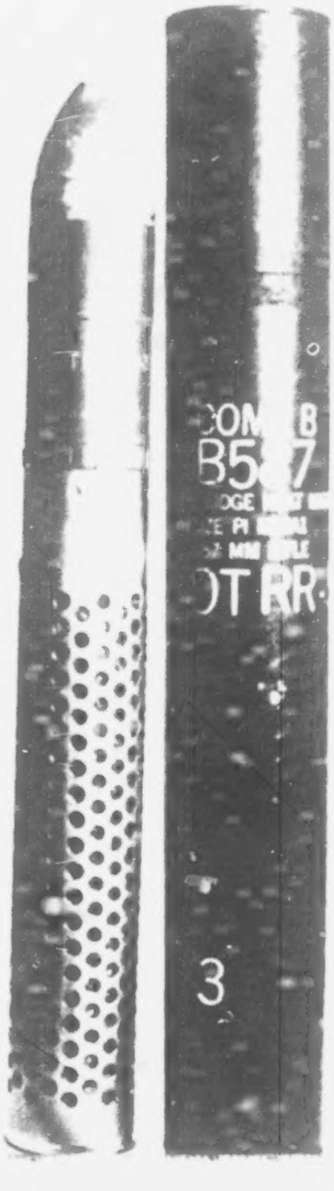
Salvadoran Communist Party Leader's Travels in the East. From June 2 to July 22, 1980, Shafik Handal visits the U.S.S.R., Vietnam, the German Democratic Republic, Czechoslovakia, Bulgaria, Hungary, and Ethiopia to procure arms and seek support for the movement.

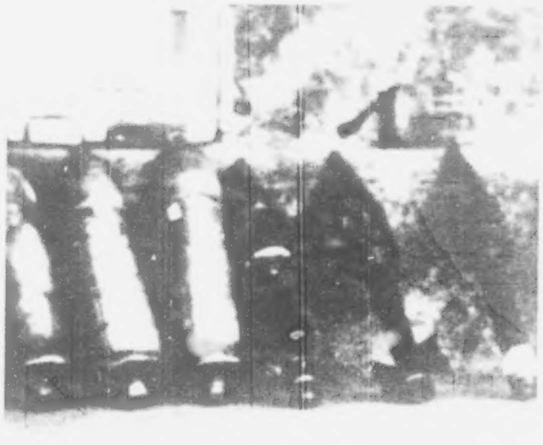
On June 2, 1980, Handal meets in Moscow with Mikhail Kudachkin, Deputy Chief of the Latin American Section of

MODERN WEAPONS NOW IN GUERRILLA INVENTORY

- Belgian FAL semiautomatic rifle
- German G–3 rifle
- U.S. M–1, M–16, and AR–15 semiautomatic and automatic rifles
- Israeli UZI submachinegun and Galil assault rifle
- 30 and 50 caliber machineguns
- U.S. M–60 machinegun
- U.S. and Soviet hand grenades
- U.S. and Chinese grenade launchers
- U.S. M–72 light antitank weapon
- U.S. 81mm mortars







Photos display captured weapons and munitions.

News Conference of January 29 (Excerpts)

. . . .

Q. Will your policy toward Iran be one of revenge or reconciliation? And will the United States honor the recent commitments to Iran, especially since you approved of most of them during the campaign?

A. I'm certainly not thinking of revenge, and I don't know whether reconciliation would be possible with the present government, or absence of a government, in Iran.

I think that the United States will honor the obligations. As a matter of fact, the most important of those were already put into effect by the preceding Administration in negotiating the release. We are, however, studying, because there were four major agreements and there were ten Executive orders, and we are studying, thoroughly, what is a pretty complex matter, we've discovered, with regard to whether they are keeping with international and our own national laws. And so, I won't be able to really answer your questions on specifics until we've completed that study.

. . . .

Q. In your welcoming address to the freed Americans, you sounded a warning of swift and effective retribution in future terrorist situations. What kind of action are you prepared to take to back up this hard rhetoric?

A. That's a question that I don't think you can or should answer as to specifics. This is a big and it's a powerful nation. It has a lot of options open to it, and to try and specify now just particularly what you should do, I think, is one of the things that's been wrong.

People have gone to bed in some of these countries that have done these things to us in the past confident that they can go to sleep, wake up in the morning, and the United States wouldn't have taken any action. What I meant by that phrase was that anyone who does these things, violates our rights in the future, is not going to be able to go to bed with that confidence.

Q. You campaigned rather vociferously against the SALT II Treaty, saying it was slightly toward the Soviet Union. Yet I noticed your Secretary of State, Mr. Haig, now seems to suggest that for the time being, at least, the United States will abide by the limits of the SALT II Treaty, and he hopes the Soviet Union will, too. How long do you intend that the United States should abide by the terms of a SALT agreement which you consider inequitable, and what do you consider its greatest inequities to be?

A. The SALT Treaty, first of all, I think, permits a continued buildup on both sides of strategic nuclear weapons but, in the main thing, authorizes an immediate increase in large numbers of Soviet warheads. There is no verification as to the number of warheads on the missile, no method for us to do this.

I don't think that a treaty—SALT means strategic arms limitation—that actually permits a buildup, on both sides, of strategic nuclear weapons can properly be called that. And I have said that when we can—and I am willing for our people to go in to negotiate or, let me say, discussions leading to negotiations—that we should start negotiating on the basis of trying to effect an actual reduction in the numbers of nuclear weapons. That would then be real strategic arms limitation.

And I happen to believe, also, that you can't sit down at a table and just negotiate unless you take into account, in consideration, all the other things that are going on. In other words, I believe in linkage.

Q. What do you see as the long-range intentions of the Soviet Union? Do you think, for instance, the Kremlin is bent on world domination that might lead to a continuation of the cold war, or do you think that under other circumstances detente is possible?

A. So far detente's been a one-way street that the Soviet Union has used to pursue its own aims. I don't have to think of an answer as to what I think their intentions are; they have repeated it. I know of no leader of the Soviet Union since the revolution, and including the present leadership, who has not, more than once, repeated in the various Communist congresses they hold their determination that their goal must be the promotion of world revolution and a one-world Socialist or Communist state, whichever word you want to use.

Now as long as they do that and as long as they, at the same time, have openly and publicly declared that the only morality they recognize is what will further their cause—meaning they reserve unto themselves the right to commit any crime, to lie, to cheat, in order to attain that, and that is moral, not immoral, and we operate on a different set of standards—I think, when you do business with them, even at a detente, you keep that in mind.

Q. What is your opinion of American companies that now want to resume business with Iran?

A. I hope they're going to do it by long distance. [Laughter] We wouldn't want to go back to having just a different cast of characters, but the same show going on. [Laughter]

I can understand that, particularly in the field of energy, their wanting to do that, but we are urging the people to think long and hard before they travel to Iran, because we don't think their safety can be guaranteed there.

Q. Three Americans are still incarcerated in Iran. Can you tell us the status of their cases and whether the Administration is doing anything to get them back?

A. I have told our people about those three. They knew about them, of course, but I've told them that, yes, we continue, and we want to get them back, also.

. . . .

Q. During the campaign you repeatedly talked about the unfairness of

(White House photo by Jack Kightlinger)

the grain embargo, as you saw it. Do you have second thoughts now, or will you lift the grain embargo?

A. My quarrel with it from the first was that I thought it was asking only one group of Americans to participate—the farmers.

You only have two choices with an embargo: You either lift it, or you broaden it. And we have not made a decision except that at the request of Secretary of Agriculture John Block, I have taken the matter of the embargo out of, you might say, the discussions of the National Security Council, and it, next week, is on the agenda for a full Cabinet meeting as to what our course will be. So, I can't answer what we do about it until next week.

As I say, it was asking one group of Americans to bear the burden, and I have always thought it was more of a kind of gesture than it was something real.

. . . .

Q. When the Jamaican Prime Minister was here yesterday, Mr. Seaga, he suggested, publicly, that now might be a good time for you, as the new President, to have a foreign policy initiative for Latin America and for the Caribbean. Do you intend to follow that suggestion, and if so, how would your policies differ from those of former President Carter?

A. I think we've seen a great reverse in the Caribbean situation, and it came about through Prime Minister Seaga's election. It was the turn-over, or turn-around, of a nation that had gone, certainly, in the direction of the Communist movement; it was a protege of Castro. And his election was greeted by me with great enthusiasm, because it represented the people by their vote, having experienced that kind of government, turned another direction.

And I think this opens the door for us to have a policy in the Caribbean of bringing them back in—those countries that might have started in that direction—or keeping them in the Western World, in the free world. And so, we are looking forward to cooperation with Prime Minister Seaga.

. . . .

Q. I know you said earlier that you were not thinking of revenge toward Iran. But does that preclude any punishment whatsoever for what they've done?

A. Again, I have to ask your forbearance and wait until we've finished our study of this whole situation as to what we're going to do. I don't think any of us have a friendly feeling toward the people who have done what they have done. But I think it's too complex for me to answer until we've had time to really study this.

Q. Would you go so far as to encourage American businesses to resume commercial trade with Iran?

A. At this point, no.

. . . .

Q. Iran and the Soviet Union share a long border in a region vital to the future stability of the world. Given the anti-U.S. sentiment there, how do you best think the United States can insure the stability of the region, the Persian Gulf region?

A. I think one of the first things that has to happen for stability, has got to be, in Iran itself, to establish a government that can speak as a government for Iran. And part of our problem in all these long 444 days has been the inability of anyone, seemingly, to speak for that nation, to have a government. Now, I think that any country would want to help another if it really showed an intent to have a government that would abide by international law and do what it could to help it in that regard. But until such a thing is apparent there, I don't know that there's anything we can do.

Q. If it's your intention to signal the world that this country will respond with swift retribution in cases of international terrorism in the future, why is it your policy not to retaliate against Iran?

A. What good would just revenge do, and what form would that take? I don't think revenge is worthy of us. On the other hand, I don't think we act as if this never happened. And I'd rather wait until, as I say, we complete this study.

. . . .

Full text can be found in the Weekly Compilation of Presidential Documents of Feb. 2, 1981. ■

put an enormous burden on Pakistan and presented the entire world with a major humanitarian responsibility. In June, the U.N. High Commissioner for Refugees was forced to double its 1980 budget from $55 million to $100 million (the United States contributed $44 million in 1980 or almost half the total). The refugee population in Pakistan in the coming year may well be the greatest in any single country in the world. In addition, there may be over a quarter of a million refugees in Iran.

Recent Developments

There have been some significant developments in the past 2 months. Fighting continues at a high level in many areas as the nationalists push to expand their area of control and the Soviet and government forces try to contain them and regain lost districts. Winter snows in some regions probably account for an influx of insurgents into the cities, where violence increased markedly. The Soviets took strong measures in Kabul and other cities in early February 1981 to round up *mujahidin* and to reestablish order.

A shortage of manpower for Afghan military and security forces remains a critical problem. The government promulgated a new draft law in early January which extended the length of service by 6 months to 2½ years. This unpopular move provoked police riots in Kabul and isolated instances of rebellion by troops. Thousands of soldiers will have served the extra 6 months by mid-March 1981. Since the government apparently has failed to obtain sufficient replacements, another extension and further disorders seem inevitable.

There are also new reports of Soviet brutalities in the countryside, where they are attempting to terrorize the villagers into persuading the young men to report for the draft. It is a futile effort as the young men are already fighting with the nationalists or have escaped to Pakistan.

In spite of official efforts to gloss over the Khalq-Parcham feud, the internecine struggle continues. Another Khalq plot and ensuing widescale arrests of Khalqis were reported in early February.

The gap between the Afghan reality and the image portrayed by Soviet and Afghan media has been further widened by official claims regarding the establishment of the National Fatherland Front, which Babrak announced in late December 1980. The regime is trying to create the impression that the "constituent congress" for the front will be an elected body and will constitute a *Loya Jirga*, i.e., a traditional Afghan assembly. In fact, attendance at the preparatory meetings has been coerced, and there has been no opportunity for choice or dissent. Any endorsement of Babrak Karmal and his policies by this artifical gathering could not be interpreted to imply either legitimacy or popular support.

The nationalists' continuing struggle and the latest refugee figures are also indicative of the unabated hostility of the majority of Afghans toward Babrak and the Soviets. More than 143,000 refugees crossed into Pakistan in January 1981—by far the largest monthly influx to date—bringing the total number in Pakistan to over 1.5 million. High rates of refugee exodus in both December and January can be attributed to growing food shortages in Afghanistan and continuing Soviet military activity. The refugee population in Iran also seems to have grown dramatically, but reliable figures are not available.

Efforts to legitimize the Babrak government on the home front have been closely related to developments on the international scene. The Afghans and the Soviets have tried throughout the year to promote negotiations with Pakistan which would sanction Babrak and his May 14 proposals. In recent weeks, they have consistently attempted to shape various initiatives by the United Nations and the Pakistanis to conform as closely as possible to the Babrak proposals.

Meanwhile, these diplomatic developments and others, such as France's proposal for a conference on noninterference in Afghanistan and resolutions taken recently at the Islamic Conference meeting in Saudi Arabia and the Nonaligned Conference in New Delhi, have all served to keep the spotlight focused on the continuing Soviet occupation of Afghanistan.

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[1] See Department of State Special Report No. 72, June 1980, for further details of the feud between the Khalq and Parcham factions of the People's Democratic Party. ■

Hostage Incidents: Examples in Modern History

This study incorporates most of the information contained in Research Project No. 705, "Hostages Seized and Their Death, Release or Rescue: Examples in Modern History," prepared by the Office of the Historian, Bureau of Public Affairs, in December 1964. Incidents cited for the period since 1964 are limited to those involving U.S. and foreign diplomatic personnel Assassinations or instances of mob violence against diplomats have been included only when the perpetrators demanded payment of ransom, release of "political prisoners," or similar actions.

Evan M. Duncan drafted the portion of this project dealing with the record since 1964. William Z. Slany and David F. Trask revised and edited the study.

Algiers, 1785–96

In 1785 the Dey of Algiers captured two U.S. ships, the *Maria* and the *Dauphin*, and demanded $6,000 in ransom for each of the three captains aboard the ships, $4,000 each for the two mates and the two passengers, and $1,400 for each of the 14 seamen. Ensuing negotiations collapsed because the American emissary was authorized to pay only $200 for each man. These prisoners and others were not freed until 1796.

Action came under the terms of a treaty between the United States and Algiers and in accordance with an oral agreement providing that the United States pay $585,000 for the treaty and the ransom of the American captives. The U.S. Treasury estimated the price paid and payable for this treaty at $992,463.25.

Tripoli, 1802

In 1802 Tripolitanians captured an American merchantman, the *Franklin*, and its crew of nine. They were freed a few months later upon payment of $6,500 to the Bey of Tripoli.

Tripoli, 1805

In 1805 the peace treaty that ended the war between Tripoli and the United States called for the United States to ransom about 300 American prisoners at a price of $60,000 in return for about 100 Tripolitanians in American hands.

Algeria, 1814

In 1814 the United States paid $8,000 to the Dey of Algeria for the ransom of six Americans captured the previous year aboard the *Edwin*.

Ethiopia, 1868

When the British Government failed to reply to a letter of friendship that the Emperor Theodore had sent to Queen Victoria, the Emperor held as hostages the British consul. Capt. Charles Duncan Cameron, and Hormuzd Rassam, a naturalized British subject who attempted to obtain Cameron's release. Theodore also held about 30 other adults (British, French, German, and Swiss nationals and their Ethiopian wives) and 23 children. Among those held were artisans in Theodore's employ and missionaries.

After prolonged negotiations, the Emperor finally sent one of the missionaries to England to ask for skilled workmen to help him modernize his country. He said he would release all of the hostages, except Rassam, in return for the workmen. However, he refused the British Government's terms for effecting the exchange, and, in consequence, the British despatched an expedition, led by Lt. Gen. R. Napier (later Field Marshal Lord Napier), who stated on his arrival in Ethiopia that his sole object was to liberate the captives. As soon as this purpose had been achieved the force would be withdrawn. Napier stated further that he did not intend to occupy Abyssinian territory or to interfere with the government. At the battle of Magdala in April 1868, Napier defeated the Ethiopians. Theodore committed suicide, and the hostages were rescued.

Franco-Prussian War, 1870

In the Franco-Prussian War, Germans seized prominent enemy citizens and put them on troop trains to preclude acts of sabotage by unknown persons. Also, during the war, Bismarck ordered French notables to be seized and taken into captivity in retaliation for France's refusal to liberate the crews of 40 captured merchant ships. This German action is considered a reprisal because the captives were not held as hostages.

Bulgaria, 1901–02

On September 3, 1901, Bulgarian brigands abducted Miss Ellen M. Stone, an American missionary, while she was traveling to Djumabala in Turkish European territory. She was released on February 23, 1902, upon payment of $66,000 raised by private subscription. The Department of State cooperated in the efforts to obtain Miss Stone's release.

Morocco, 1904

In 1904 a Moroccan chieftain named Raisuli seized Ion Perdicaris, who claimed to be an American citizen, and his stepson, a British subject, and held them for ransom. Naval vessels were sent to the area. Although arrangements had already been made to release the two men, President Theodore Roosevelt consulted with Secretary of State John Hay, who instructed the American consul general at Tangier to say that the United States must have "Perdicaris alive or Raisuli dead," but he was not authorized to use force in the absence of instructions to that effect.

Nicaragua, 1912

During a civil war in Nicaragua in 1912, Lt. E. H. Conger was held temporarily as a hostage while on a mission for the American Minister. The latter sent a note requesting that Lt. Conger be allowed to proceed to his destination or else start on his return to the legation. Before any more action became necessary, Conger returned to Managua, having successfully delivered his message to the rebel general.

World War I

In World War I, Germany took prominent Belgian citizens as hostages to forestall obstruction of its advance. Some hostages were killed in reprisal, and some towns were damaged. The German concept of holding whole communities reponsible for individual acts culminated in the burning and sacking of Louvain, a policy that aroused international protests.

China, 1923

Bandits kidnapped 19 foreign travelers, including 12 Americans, from an express snappers and groupers in the Gulf of Mexico beyond 12 miles from the Mexican coast will no longer be able to continue these fisheries.

Termination of the 1977 GIFA will end the right of Mexico to apply to fish for U.S. fisheries resources determined to be in surplus of the needs of U.S. fishermen. Mexican vessels have been fishing pollock off Alaska and squid off New England. Mexican vessels do not have a long history of fishing off the U.S. coasts, but in the last few years the squid fishery has been especially successful and valuable for them. The potential for fishing by Mexico off the U.S. coast is very great because there are substantial surpluses that the U.S. could make available to Mexican fishermen. This, of course, would be difficult to justify without clearly reciprocal treatment of U.S. fishermen in fisheries off Mexico.

Although it has been noted by the Government of Mexico that the failure to receive allocations of squid from the United States in recent months was one of the major reasons for the decision by the Mexican Government to terminate the agreements, the United States has been willing to continue allocations of squid to Mexico. We recently made this clear to the Government of Mexico. The United States, however, has insisted that, in return, Mexico live up to both the letter and spirit of the 1976 bilateral fisheries agreement.

In expressing its regret over the Mexican decision and in voicing its willingness to continue consultations toward a new framework for a positive fisheries relationship, the United States must, nonetheless, express that it, too, has been disappointed with the results of the relationship initiated with such bright hopes in 1976. For the United States, the fisheries relationship has been found not only dissatisfying, but frustrating.

The U.S. Government is pleased to note the willingness of the Mexican Government to continue consultations on fisheries matters of mutual concern and is, of course, prepared to engage in such consultations. The United States looks forward to an indication of an appropriate moment for embarking upon a new effort toward a successful and meaningful fisheries relationship with Mexico.

Made available to news correspondents by acting Department Spokesman William Dyess on Jan. 2, 1981. ■

U.S.-Mexico Sign Convention on Recovery and Return of Stolen Vehicles and Aircraft

U.S. Ambassador at Large, Robert Krueger, and Mexican Ambassador to the United States, Hugo B. Margain, signed on January 16, 1981, a new Convention for the Recovery and Return of Stolen or Embezzled Vehicles and Aircraft, which, when ratified by both countries, will supersede a 1936 convention on the same subject matter. The new convention is the result of negotiations over the last year and a half within the Legal Affairs Working Group of the U.S.-Mexico Consultative Mechanism, a bilateral framework for the discussion and negotiation of issues of mutual concern established in early 1977. Representatives of both countries in that forum felt that the 1936 convention was no longer an adequate instrument for responding to the transborder problems stemming from the theft or embezzlement of vehicles and aircraft.

Today the estimated value of aircraft and vehicles stolen in the United States and taken into Mexico each year exceeds $100 million. At the same time, aircraft—many of them allegedly stolen or embezzled—have become the principle means of transporting contraband into Mexico. Electronic goods, appliances, and firearms valued at more than $1 billion are now taken from the United States each year into Mexico in violation of that country's laws. The new convention has been drafted with these two problems in mind. It is expected to result in the return of a significantly larger number of U.S.-registered vehicles and aircraft from Mexico and in better law enforcement along the border.

In signing the convention, Ambassador Krueger commented that it exemplified the reasoned approach that the United States and Mexico have taken toward resolving mutual problems. He continued:

> In the last year and a half, both governments have worked hard through the Consultative Mechanism to arrive at agreements on the sale of natural gas, the sale of grains, mutual assistance in the event of natural disasters, and a joint marine pollution contingency plan. Today, the citizens of both countries, particularly those in the border states, can look forward to better law enforcement and the protection of personal property. With this spirit in mind, I anticipate continued coordination with our good neighbor to the south.

The new convention will come into force upon the exchange of instruments of ratification, which will require the prior advice and consent of the Senate in each country.

Press release 14 of Jan. 16, 1981. ■

Current Actions

MULTILATERAL

Agriculture
International agreement for the creation at Paris of an International Office for Epizootics, with annex. Done at Paris Jan. 25, 1924. Entered into force Jan. 17, 1925; for the U.S. July 29, 1975. TIAS 8141.
Accession deposited: U.A.E., Apr. 14, 1980.

Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979.
Signature: Grenada, Nov. 21, 1980.
Ratifications deposited: Brazil, Oct. 2, 1980; Costa Rica, Dec. 8, 1980; Grenada, Dec. 22, 1980; Trinidad and Tobago, Dec. 5, 1980.
Entered into force: Dec. 8, 1980.

Arbitration
Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.
Accession deposited: Cyprus, Dec. 29, 1980.
Extended to: Cayman Islands and Belize, Nov. 26, 1980.[1]

Astronauts
Agreement on the rescue of astronauts, the return of astronauts, and the return of objects launched into outer space. Done at Washington, London and Moscow Apr. 22, 1968. Entered into force Dec. 3, 1968. TIAS 6599.
Accession deposited: Papua New Guinea, Nov. 13, 1980.

Aviation, Civil
Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.
Accessions deposited: El Salvador, Feb. 12, 1980; Syria, July 31, 1980.[2]
Notification of succession deposited: Suriname, Sept. 10, 1979.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.
Accession deposited: China, Sept. 10, 1980.[2,3]

Convention for the suppression on unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.
Accession deposited: China, Sept. 10, 1980.[2,3]

Biological Weapons
Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Accession deposited: Papua New Guinea, Nov. 13, 1980.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[4]
Signatures: Japan, Nov. 28, 1980; Venezuela, Dec. 5, 1980;[2] Canada, Jan. 15, 1981; Haiti, Jan. 19, 1981; Sri Lanka, Jan. 21, 1981.

Containers
International convention for safe containers (CSC), with annexes. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037.
Accession deposited: Luxembourg, Nov. 13, 1980.

Copyright
Universal copyright convention, as revised. Done at Paris July 24, 1971. Entered into force July 10, 1974. TIAS 7868.
Accession deposited: G.D.R., Sept. 10, 1980.[1]

Customs
Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978.[5]
Accessions deposited: Poland, Dec. 23, 1980; Uruguay, Dec. 24, 1980.

Defense
Memorandum of understanding concerning the EURO-NATO Joint Jet Pilot Training (ENJJPT) Program. Signed at Brussels Dec. 9, 1980. Entered into force Dec. 9, 1980.
Signatures: Belgium, Canada, Denmark, F.R.G., Greece, Italy, Netherlands, Norway, Portugal, Turkey, U.K., and U.S.

Finance—African Development Fund
Agreement establishing the African Development Fund, with schedules. Done at Abidjan Nov. 29, 1972. Entered into force June 30, 1973; for the U.S. Nov. 18, 1976. TIAS 8605.
Accession deposited: Angola, Jan. 9, 1981.

Inter-American Development Bank
Agreement establishing the Inter-American Development Bank, with annexes. Done at Washington Apr. 8, 1959. Entered into force Dec. 30, 1959. TIAS 4397.
Ratification deposited: Suriname, Dec. 12, 1980.

Judicial Procedure
Convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters. Done at The Hague Nov. 15, 1965. Entered into force Feb. 10, 1969. TIAS 6638.
Accession deposited: Seychelles, Nov. 18, 1980.

Maritime Matters
Convention for the unification of certain rules with respect to assistance and salvage at sea. Signed at Brussels Sept. 23, 1910. Entered into force Mar. 1, 1913. 37 Stat. 1658.
Notification that it continues to be bound: Papua New Guinea, Oct. 14, 1980 as from Sept. 16, 1975.

Inter-American convention on facilitation of international waterborne transportation, with annex. Signed at Mar del Plata June 7, 1963.[4]
Accession deposited: Guatemala, Dec. 12, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 17, 1977.[4]
Acceptance deposited: Panama, Dec. 23, 1980.

Amendments to the convention of Mar. 6, 1948, as amended (TIAS 4044, 6285, 6490, 8606), on the Intergovernmental Maritime Consultative Organization. Adopted at London Nov. 15, 1979.[4]
Acceptances deposited: Belgium, Dec. 23, 1980; Liberia, Jan. 8, 1981.

Meteorology
Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.
Accession deposited: Zimbabwe, Jan. 12, 1981.

Narcotic Drugs
Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.
Accession deposited: Ireland, Dec. 16, 1980.

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered force Aug. 8, 1975. TIAS 8118.
Accession deposited: Ireland, Dec. 16, 1980

Patents—Microorganisms
Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980. TIAS 9768.
Ratification deposited: Spain, Dec. 19, 1980.

Postal
Additional protocol to the Constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971, except for Article V of the additional protocol which entered into force Jan. 1, 1971. TIAS 7150.
Ratifications deposited: Czechoslovakia, July 3, 1980; Qatar, Nov. 13, 1980.

Second additional protocol to the Constitution of the Universal Postal Union of July 10, 1964, general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Lausanne July 5, 1974. Entered into force

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Cover Photo:

The Peace Tower of Canada's Parliament building where President Reagan is welcomed by Prime Minister Trudeau.

(White House photo by Michael Evans)

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SPECIAL (See Center Section)

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Interview With Walter Cronkite (Excerpts)

Following are excerpts from an interview President Reagan held with Walter Cronkite for CBS News which was broadcast on March 3, 1981.[1]

Q. With your Administration barely 6 weeks old, you're involved now in, perhaps, the first foreign policy crisis, if it can be called a crisis yet—it probably cannot be, but it's being much discussed, of course—much concern about El Salvador and our commitment there. Do you see any parallel in our committing military advisers and military assistance to El Salvador and the early stages of our involvement in Vietnam?

A. No, I don't. I know that that parallel is being drawn by many people. But the difference is so profound. What we're actually doing is at the request of a government in one of our neighboring countries helping—offering some help against the import or the export into the Western Hemisphere of terrorism, of disruption, and it isn't just El Salvador. That happens to be the target at the moment.

Our problem is this whole hemisphere and keeping this sort of thing out. We have sent briefing teams to Europe, down to our Latin American neighbors with what we've learned of the actual involvement of the Soviet Union, of Cuba, of the PLO [Palestine Liberation Organization], of even Qadhafi in Libya, and others in the Communist bloc nations to bring about this terrorism down there.

You used the term military advisers. You know, there's a sort of a technicality there. You could say they are advisers in that they're training, but when it's used as adviser, that means military men who go in and accompany the forces into combat, advise on strategy and tactics. We have no one of that kind. We're sending and have sent teams down there to train. They do not accompany them into combat. They train recruits in the garrison area. And as a matter of fact, we have such training teams in more than 30 countries today, and we've always done that; the officers of the military in friendly countries and in our neighboring countries have come to our service schools—West Point, Annapolis, and so forth. So I don't see any parallel at all.

And I think it is significant that the terrorists—the guerrilla activity—in El Salvador was supposed to cause an uprising that the government would fall because the people would join this aggressive force and support them. The people are totally against that and have not reacted in that way.

Q. That's one of the questions that's brought up about the wisdom of our policy right at the moment. Some Latin Americans feel that President Duarte [of El Salvador] has control of the situation. The people have not risen. This last offensive of the guerrillas did not work, and, therefore, aren't we likely to exacerbate the situation by American presence there now, therefore sort of promoting a self-fulfilling prophecy by coming down there and getting the guerrillas and people themselves upset about "big brother" intervention, and therefore losing the game instead of winning it?

A. No, and we realize that our southern friends down there do have memories of the great colossus of the north and so forth—but no, his government has asked for this because of the need for training against terrorist and guerrilla activities, has asked for materiel such as helicopters and so forth that can be better at interdicting the supply lines where these illicit weapons are being brought in to the guerrillas. This is what we've provided and some of these teams that have been provided are also to help keep those machines in the air and on the water—patrol boats and so forth—to try to interdict the supply by water of weapons and ammunition. They need help in repair. They get laid up for repairs, and they don't have the qualified technicians.

Q. What really philosophically is different from our going down to help a democratic government sustain itself against guerrilla activity promoted from the outside or Soviet and Cuban aid, as we believe it to be—your Administration says it is—and Afghanistan? El Salvador is in our sort of political sphere of influence. Afghanistan, on the border of the Soviet Union is certainly in their geopolitical sphere of influence. They went in with troops to support a Marxist government friendly to them. Why isn't that a parallel situation?

A. I don't think there can be a parallel there, because I was in Iran in 1978 when the first coup came about and it was the Soviet Union that put in their man as President of Afghanistan, and then their man didn't work out to their satisfaction. So they came in and got rid of him and brought another man that they'd been training in Moscow and put him in as their president and then, with their armed forces, they are trying to subdue the people of Afghanistan who do not want this pro-Soviet government that has been installed by an outside force.

The parallel would be that without actually using Soviet troops, in effect the Soviets are, you might say, trying to do the same thing in El Salvador that they did in Afghanistan, but by using proxy troops through Cuba and guerrillas and they had hoped for, as I said, an uprising of the people that would then give them some legitimacy in the government that would be installed—the Communist government. But the people didn't rise up. The people have evidenced their desire to have the government they have and not be ruled by these guerrillas.

Q. Secretary of State Haig has said that we'll not have a Vietnam in El Salvador because the United States will direct its action toward Cuba, which is the main source of the intervention, in his words. But Cuba is a client state of the Soviet Union. It's not likely to stand by and let us take direct action against Cuba, is it?

A. A term "direct action," there are a lot of things open: diplomacy, trade, a number of things and Secretary Haig has explained the use of the term. The source with regard to Cuba means the intercepting and stopping of the supplies coming into these countries—the export from Cuba of those arms, the training of the guerrillas as they've done there, and I don't think in any way that he was suggesting an assault on Cuba.

Q. An intercepting and stopping means blockade. And isn't that an act of war?

A. This depends. If you intercept them when they're landing at the other end or find them where they're in the locale, such as, for example, Nicaragua, and informing Nicaragua that we're aware of the part that they have played in this using diplomacy to see that a country decides they're not going to allow themselves to be used anymore—there's been a great slow down. We're watching it very carefully—Nicaragua—of the transfer of arms to El Salvador. This doesn't mean that they're not coming in from other guerrilla bases in other countries there.

Q. You've said that we could extricate ourselves easily from El Salvador if that were required at any given point in this proceeding. I assume you mean at any given point. How could we possibly extricate ourselves? Even now, from this initial stage, how could we extricate ourselves without a severe loss of face?

A. I don't think we're planning on that—I think, to extricate ourselves from there. But the only thing that I could see that could have brought that about is if the guerrillas had been correct in their assessment and there had been the internal disturbance, well, then it would be a case of we're there at the bequest of the present government. If that government is no longer there, we're not going there without an invitation. We're not forcing ourselves upon them, and you'd simply leave and there aren't that many people to be extricated.

Q. Even if the Duarte forces begin to lose with whatever military materiel assistance we give them, whatever training advisers we give them, are you pledging that we will not go in with fighting forces?

A. I certainly don't see any likelihood of us going in with fighting forces. I do see our continued work in the field of diplomacy with neighboring countries that are interested in Central America and South America to bring this violence to a halt and to make sure that we do not just sit passively by and let this hemisphere be invaded by outside forces.

Q. Your hard line toward the Soviet Union is in keeping with your campaign statements, your promises. But there are some who, while applauding that stance, feel that you might have overdone the rhetoric a little bit in laying into the Soviet leadership as being liars and thieves, etc.

A. Let's recap. I am aware that what I said received a great deal of news attention, and I can't criticize the news media for that. I said it. But the thing that seems to have been ignored, well, two things: one, I did not volunteer that statement. This was not a statement that I went in and called a press conference and said: "Here, I want to say the following." I was asked a question. And the question was: What did I think were Soviet aims? Where did I think the Soviet Union was going? And I had made it clear to them, I said: "I don't have to offer my opinion. They have told us where they're going over and over again. They have told us that their goal is the Marxian philosophy of world revolution and a single one-world Communist state and that they're dedicated to that." And then I said: "We're naive if we don't recognize in their performance of that, that they also have said the only morality"—remember their ideology is without God, without our idea of morality in the religious sense. "Their statement about morality is that nothing is immoral if it furthers their cause, which means they can resort to lying or stealing or cheating or even murder if it furthers their cause and that is not immoral. Now, if we're going to deal with them, then we have to keep that in mind when we deal with them." And I've noticed that with their own statements about me and their attacks on me since I answered that question that way—it is the only statement I have made—they have never denied the truth of what I said.

Q. You don't think that name-calling, if you could call it that, makes it more difficult when you do finally, whenever that is, sit down across the table from Mr. Brezhnev and his cohorts?

A. No, I've been interested to see that he has suggested having a summit meeting since I said that.

Q. Let me ask another question about being tough with the Russians. When Ambassador Dobrynin of the Soviet Union drove over to the State Department for the first time after the Administration came in, his car was turned away at the entrance to the basement garage which he had been using, told that he had to use the street door like all the other diplomats had been doing. It was obviously tipped to the press that this was going to happen. What advantage is there in embarrassing the Soviet Ambassador like that? A phone call would have said: "Hey, you can't use that door any longer." Was that just a macho thing for domestic consumption or—

A. I have to tell you, I didn't know anything about it until I read it in the paper, saw it on television myself. I don't know actually how that came about or what the decision was, whether it was just one of those bureaucratic things in the—

Q. You didn't ask Secretary Haig about it?

A. No, and I just don't know—

Q. Don't you think the Russians kind of think we're childish when we pull one like that?

A. I don't know. I don't know, or maybe they got a message.

Q. What conditions do have to be satisfied before you would agree to a summit meeting with Brezhnev?

A. There are some things that I think would help bring that about. The main thing is you don't just call up and say: "Yes, let's get together and have lunch." A summit meeting of that kind takes a lot of preparation, and the first preparation from our standpoint is the pledge that we've made to our allies, that we won't take unilateral steps. We'll only do things after full consultation with them because they're involved also.

And, I've had an opportunity to talk a little bit about it just—it only came to light, his statement—a short time ago with Prime Minister Thatcher when she was here. So we haven't had the opportunity for the consultations about that that would be necessary.

I have said that I will sit and negotiate with them for a reduction in strategic nuclear weapons to lower the threshold of danger that exists in the world today. One of the things—you say conditions—I think one of them would be some evidence on the part of the Soviet Union that they are willing to discuss that. So far, previous Presidents, including my predecessor, tried to bring negotiations to the point of actual reduction and the Soviet Union refused. They refused to discuss that. I think that we would have to know that they're willing to do that.

I think it would help bring about such a meeting if the Soviet Union revealed that it is willing to moderate its imperialism; its aggression of Afghanistan would be an example. We could talk a lot better if there was some indication that they truly wanted to be a member of the peace-loving nations of the world, the free world.

Q. Isn't that really what you have to negotiate? I mean, is it really conceivable that you're going to get such a change of heart, a change of statement, that you could believe on the part of the Soviet Union before you ever sit down to talk with President Brezhnev?

I wouldn't want anyone here to think that we are not very, very concerned about, if you will, the improvements that are necessary in the Salvadoran regime. That means we expect to see progress toward pluralization, toward the achievement and preservation of human rights, toward the rejection of excesses by the right as well as the left. This has been the focal point of American policy in this El Salvadoran situation for the past year.

We had no reason to expect that our European partners would be as attuned to our concerns in this area as I feel the facts would justify. And that's a problem of communications on which we're going to have to work and we're continuing to work.

But in general I'm extremely pleased with the results of the first round of consultation, and it remains to be seen whether we could fill the gap in this other area.

I don't want you ladies and gentlemen to feel that we're wedded to any particular outcome, as long as it's the consequence of the free, independent decision of the people of El Salvador. The first order of business must be to insist that the wholesale provision of external influence on this situation be terminated.

Q. But to achieve that goal, how far is America prepared to go?

A. That's a very good question. I think it suffices to say that we consider Cuban interventionism in this hemisphere on our own doorstep as no longer tolerable, no longer acceptable. Beyond that I think there are a host of vehicles available to us to bring that point forward and, in fact, to insure that it is realized ultimately. I'm not trying to turn your knuckles white. [Laughter]

Q. Do you think your allies have a clear understanding of what your policy is and what you are likely to do if pressed?

A. I think they have a clear understanding that the actions underway and undertaken by Cuba are unacceptable. We're in the process of considering the number of options through which to deal with that problem. So, of course, they don't know because we haven't arrived at any decisions on our own part.

Q. Are you asking the allies to do anything beyond give verbal support to the U.S. position at this point?

A. No, we're not asking it. We have reminded them that what is occurring here in this hemisphere is of vital interest to them as well as to us. We have seen this kind of activity take place wholesale in the continent of Africa, which many of our European partners can feel somewhat more concerned about perhaps. But I would suggest that this is a global level of unacceptable conduct, managed in general by the Soviet Union and applied in specific cases by their proxies.

Q. One of your predecessors used the term "no longer acceptable" or "unacceptable," speaking about the Russian presence in Cuba. Are you worried at all that using this kind of wording puts you in a problem of having to do something about it now?

A. I think ultimately that, of course, remains to be seen. If one uses that language, it clearly is a manifestation of a decision to deal with the problem; and we intend to.

Q. There seemed to be a slight difference in the language employed by the Prime Minister this morning in her interview with CBS in which, instead of speaking generally about the statement which had been issued by the Foreign Commonwealth Office before she left London, she did speak about the importance of allowing the citizens of El Salvador to sort out their own problems without intervention from outside. Then she went on to specify arms supplies to the guerrillas. But it seemed that the use of the words "intervention from outside" might very well apply to the U.S. advisers—or whatever you might have in mind. Did you feel that was her meaning?

A. No. I would not have anticipated that was her meaning. I wouldn't presume to speak for the Prime Minister; she's more than capable of speaking for herself. I've known that for a number of years, and I admire her ability to do so. But I think it's important that we keep in mind that there was no decision, there was no military assistance to the Government of El Salvador by the American Government until the final stages of the Carter Administration, and in the wake of the major guerrilla offensive during which the Cuban arms involvement, Soviet and Eastern European involvement, began to surface.

It would hardly be appropriate to describe American activity thus far as "intervention in the internal affairs of El Salvador"—precisely the opposite. As a matter of fact, many of you ladies and gentlemen, many of the critics of any El Salvadoran policy, are insisting that we be somewhat more hyperactive in our involvement.

So I don't think that was the intention of the Prime Minister this morning because we have not added but one iota to the presence down there in the context of increased involvement since the Carter period.

We are considering now a number of options which are designed to be sure that the regime can survive to apply the democratic reforms we are seeking, to realize the will of the El Salvadoran people free from external intimidation and pressure.

Q. I think the interpretation that some people were placing on her words was not a criticism of what was going on now but the possibility that you might be going to introduce larger numbers of advisers.

A. There was absolutely nothing in the discussions held over the past 2 days that would suggest that that was the intent of the Prime Minister's remarks, but she will have to speak for herself.

Q. To what extent would you link a back-off by the Soviet Union and Cuba from supplying El Salvador with arms to the holding of a summit with Mr. Brezhnev or possible talks about talks starting the SALT process again or resuming the theater nuclear discussions?

A. I think it's very important that when we surface the term "linkage"—and you're referring to linkage—that we not misread the American view of that phenomenon which we consider to be a reality, whether we claim it to be or not. We have to be consistent in the sense we believe it is a reality. Therefore, we insist that it exists.

Whenever in the history of relations between states has there been a void of linkage? It must be there; it is there. It is a fact of life.

Having said that and espousing ourselves as advocates of linkage, or having portrayed ourselves as advocates of linkage, I would not want to suggest that what we're talking about is a mechanistic scorekeeping, day-to-day rundown of explicit reciprocity.

What we are talking about is a general Soviet demeanor in the international environment which clearly is devoid of the kind of excess illegal activity we've witnessed in recent months and years starting in Africa, Angola, Ethiopia, southern Yemen, northern Yemen, certainly Kampuchea, unquestionably Afghanistan, and now, more recently, here in our own hemisphere.

It is our view that you cannot proceed in functional areas of relationships with the Soviet Union across the broad spectrum of functional areas – trade, credits, technology transfer, agricultural supports, or arms limitations – until a climate of greater reciprocity and restraint is evident. That's without putting a scoreboard up or suggesting arms control talks. More importantly, negotiations cannot proceed without an absolutely clean slate. What we're talking about is modifications in the current conduct of Soviet activity abroad.

Q. Could you just be a little bit more precise about the summit? Would you want to see this change in Russian demeanor discussed at the summit, or would it have to take place before?

A. I think what is important is not to lay ultimata on the table with respect to summitry. I think it's more important to outline what our approach to summitry would be. What President Reagan has stated and reiterated on several occasions are his views with respect to it.

First, we clearly expect, anticipate, and welcome talks between ourselves and the Soviet Union in the number of both functional and important difference areas I've touched upon.

When it comes to summitry, I think it is the President's view – and I think I'm quoting him accurately, and it happens to coincide with my own personal view – that summitry is a very special form of diplomacy. It requires detailed, careful preparation. It should not be undertaken unless the prospects for success and the outcome of such summitry are promising because of that detailed work. Merely to have heads of state and government meet just to be meeting or to have had such meetings resulting in confrontation is clearly – and we've had experiences with this in the past – perhaps self-defeating in the extreme, and we intend to avoid it.

Q. Would it be fair then to say that the summit cannot take place until the Soviets show this pattern of better behavior around the world?

A. It would be fair to suggest that the American contemplation of future summitry is going to be materially influenced by our assessment of corresponding Soviet global activity and that that assessment will clearly precede the summitry.

Q. Did anything helpful emerge in these discussions in the way of European help with the American desire to strengthen the ability to influence and protect the areas in the Middle East and Persian Gulf where the oil comes from?

A. I think it's important that I portray our discussions accurately. Clearly, we've discussed in detail the Middle East, its strategic importance to the West at large, and, from the standpoint of our mutual interests, we discussed it from the standpoint of Arab-Israeli differences; we discussed it from the standpoint of energy needs of the West; and we discussed it, perhaps even more importantly, from the standpoint of broad strategic concerns – and that involves the activities of the Soviet Union and Afghanistan, potential involvement elsewhere, and increased capability to project their power into that area. All of these things are interrelated and, I think, require a very careful degree of synchronization.

Someone said, "Are you putting one in priority over the other?" The answer to that is "No, but they must be dealt with in tandem and in parallel and with coherence, one with the other."

Q. Did the subject of these guns of Northern Ireland come up in your discussions with Lord Carrington?

A. Of guns?

Q. There's an outstanding British request for some handguns for the Northern Ireland police which were held up.

A. I'm aware of that issue. There was no specific discussion that I participated in, but it does not mean to suggest there will not be.

Q. What broadly did you tell Lord Carrington about the likely course of U.S. policy toward Namibia? Will you pursue the five-power initiative which is currently languishing?

A. There were discussions held both between the Prime Minister and the President and Mr. Carrington and myself. Clearly, we are in the process now in this Administration, which has been here a very brief period of time, of assessing our overall future policies in southern Africa and on the African Continent as a whole. I don't think we're far enough along in that assessment to go beyond that simple statement. Clearly, we're very much aware of the ongoing events there – the Geneva conference that took place recently and upcoming discussions in the United Nations. We would hope that all parties concerned, including our British partners, would give us an opportunity to conclude our assessments.

Q. Did you discuss the cost-effectiveness of NATO, especially in Europe, and could you say what kind of reaction you got to recent suggestions that America would like the European countries to increase their spending on NATO?

A. I would be misleading you were I to suggest that we got into detailed discussions on cost-effectiveness with respect to NATO. I also want to emphasize that our concerns – this Administration's concerns – do not involve or are not focused exclusively and do not involve preoccupation with the burden-sharing issue and the failure of our Western European partners to do enough.

Our concern is that none of us is doing enough. I left Europe with that fundamental impression, despite the fact that there have been some improvements. I was encouraged by those improvements.

I think any assessment of East-West balances today, both within the NATO framework and globally, suggest that each of us is going to have to continue to bear what is an extremely onerous burden of high defense spending. All of the other objectives that we are seeking to achieve today, together and unilaterally, are going to be influenced by our willingness and ability to keep an acceptable balance between East and West in military capability. That balance has been trending in a worrisome direction – or that lack of balance, depending on how precise you want to be.

You see, I have been "safforized" and "time-a-sized" [laughter] and "London-sized," and so I have to be very, very careful about my ingenuity with the mother tongue. [Laughter]

Q. Are you looking for a wider role for NATO outside present geographical limits?

A. I've discussed this issue at length. As recently as I think a year ago, I submitted a paper to the conference that our Strategic Studies Institute had in Brussels. I pointed out the following: Whether we in the West like

In the nonfuel minerals policy review, concern with dependency focused on a few minerals for which we are highly dependent upon southern or central Africa – cobalt and chrome, and to a lesser extent manganese and platinum-group metals. Even in this highest risk area, there is a mitigating factor which reduces the disruption potential. That is the importance of the minerals industries to the economies of the producing countries and the value of the world's largest market – the United States – to those industries.

In the event of a supply disruption that cannot be accommodated by normal market reactions, we have two lines of defense. First is the priorities and allocations system provided by Title I of the Defense Production Act. Actions under Title I require that defense rated orders receive priority as necessary to meet defense production schedules. If this response proved to be too disruptive for civilian production, further allocations could be invoked.

Secondly, at some point during a serious situation recourse to the national defense stockpile might be required. While I am not advocating use of this strategic stockpile for economic purposes, the President has the option of releasing stockpile material when the shortage of a particular mineral adversely affects our defense preparedness. Stockpile planning is based on an extended wartime scenario. Although many of the stockpile inventories do not meet their goals, the U.S. stockpile is, nevertheless, the free world's largest materials stockpile and provides a means for dealing with supply problems affecting the national security.

A longer term supply consideration is insuring adequate investment today to provide the additional supplies that will be needed tomorrow. Growing world population and increasing industrialization in developing countries will increase future demand for minerals, and at the same time some deposits currently being mined will be depleted. One factor that has raised concern regarding the future availability of supplies is the relative decline in expenditures on minerals exploration in developing nations as compared with developed producers during the 1970s. While this has not yet affected minerals output in developing countries, as capacity expansions have proceeded on the basis of past exploration activities, it may affect future production. We are pursuing a number of approaches both bilaterally and multilaterally to address this problem. In 1978 the Overseas Private Investment Corporation (OPIC) modified its operating guidelines in the mining and energy area, permitting greater flexibility in its coverage and lengthening of the coverage period. The international programs of the U.S. Geological Survey can make important contributions in the exploration area. The World Bank has allocated increased funding to its Mining and Non-Ferrous Metals Division, and the U.N. Revolving Resource Fund supports feasibility studies and preinvestment work in fuels and hard minerals.

Supplies From the Sea

Mining of nodules on the seabed promises to be a significant future supply source for two of the minerals for which our current dependence is a cause of concern – cobalt and manganese – and could also provide alternative long-term supplies of nickel and cooper. The Department of State supported the Deep Seabed Hard Minerals Resources Act to provide a legal regime for U.S. mining of the deep sea as an interim measure until a broadly accepted law of the sea treaty enters into force. In the treaty negotiations a central goal of the United States has been the achievement of assured nondiscriminatory access to seabed minerals under reasonable terms and conditions. The United States made considerable progress toward that goal at the last negotiating session, but further talks will be necessary to enhance the automaticity of access to seabed minerals within the law of the sea regime.

Conclusion

In November 1980, the Department of State raised the question of nonfuel minerals availability and security of supply with its Advisory Committee on Oceans and International Environmental and Scientific Affairs. In closing, I would like to summarize the conclusions of that distinguished group.

- The United States should be ready for conservation and substitution measures in the event of a cut-back of supplies. This requires planning, including the application of science and technology toward solving these problems. Systematic readiness is an important policy, and government will have to stimulate it.
- Readiness implies a combination of stockpiling – both materials and technology – and exploration-assessment. These activities also involve a science and technology component. An example is the use of U.S. space satellite imagery to locate alternative sources of supply.
- There is no broad materials policy which can cover all contingencies. Rather, different sectors will require different plans appropriate to specific materials' availabilities.

It was recommended, therefore, that what is needed for a few commodities is a coordinated policy to deal with the problem of dependency in the short, medium, and long term.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

North Atlantic Aviation Situation

Representatives of the United States, Canada, and states members of the European Civil Aviation Conference (ECAC) discussed a number of issues concerning North Atlantic air services during a 3-day meeting in Washington, D.C., February 24–26, 1981. Chairmen of the respective delegations were B. Boyd Hight, Deputy Assistant Secretary for Transportation and Telecommunications, U.S. Department of State; Ralph Azzie, Commissioner, Canadian Transport Commission; and Erik Willoch, President of ECAC and Director General of Civil Aviation of Norway.

The traffic statistics on North Atlantic air services which had been exchanged indicated that for the U.S.-Europe market in 1980 there was an increase in total passenger traffic, although at a lower rate than in previous years. There also was a change in the composition of that traffic with European-origin traffic increasing and U.S.-origin traffic declining and a continuing shift from charter to scheduled services. The Canada-Europe market was characterized in 1980 by a small decrease in both scheduled and charter traffic over the previous year.

In 1980 generally, capacity increases on the North Atlantic were greater than scheduled traffic growth, leading to lower load factors. Scheduled unit costs, spurred by rising fuel costs and other factors, exceeded unit reve-

Terrorist Attacks on U.S. Official Personnel Abroad

by Evan Duncan

This study cites incidents involving premeditated political terrorism directed against official representatives of the United States. Excluded from consideration are episodes that occurred during wartime situations or that resulted from random disorder and mob action. Attacks on private citizens are not listed.

The study draws upon information contained in Research Project No. 1246, "Hostage Incidents: Examples in Modern History," prepared in the Office of the Historian in February 1981 and published in the March 1981 BULLETIN; Research Project 782, "Assaults and Other Acts Against United States Personnel and Installations Abroad, 1960–1965," February 1967, and various published sources and monographs.

Evan Duncan, the author of this study, is a Research and Reference Historian, Bureau of Public Affairs. Neal H. Peterson supervised and received this report, and James C. Grant provided clerical-editing support.

AFGHANISTAN

February 14, 1979

Four Afghans kidnapped U.S. Ambassador Adolph Dubs in Kabul and demanded the release of various "religious figures" held by the Afghan Government. Dubs was killed when Afghan police stormed the hotel room where he was being held. The bodies of four alleged terrorists were shown to Embassy personnel.

The U.S. Government protested to the Afghan Government for not having tried to secure Dubs' release peacefully and drastically reduced its foreign aid programs there. No American Ambassador has been appointed to replace Dubs.

ARGENTINA

April 12, 1974

Members of the Peoples Revolutionary Army (ERP) kidnapped Alfred A. Laun, the director of the U.S. Information Agency (USIA), in Cordoba. Laun, who was seriously wounded when captured, was released several hours later.

February 26, 1975

Montoneros guerrillas kidnapped John P. Egan, a retired businessman serving as the American Honorary Consul in Cordoba. They demanded that four captured guerrillas be shown on national television or else Egan would be killed. Egan was found dead the next day.

June 7, 1965

Allison Temple Wanamaker, American Consul in Cordoba, was wounded when a passing car machinegunned his automobile. His assailants were never identified.

BELGIUM

June 25, 1979

A bomb exploded under a bridge near Obourg, Belgium, seconds after Gen. Alexander M. Haig, Jr., then Supreme Commander of Allied Forces in Europe, drove across it. Haig's car was damaged, and one American and two Belgian security guards in another car were injured. Although various extremist groups claimed credit, the perpetrators were never identified. Gen. Haig, who was scheduled to retire from the Army 5 days later, remarked: "I thought I should go out with a bang, but this is too much."

BRAZIL

September 4, 1969

Leftist urban guerrillas kidnapped U.S. Ambassador C. Burke Elbrick in Rio de Janeiro and demanded that the Brazilian Government release 15 political prisoners and broadcast a revolutionary manifesto. The Brazilian Government met the demands, and Elbrick was freed on September 7 after the political prisoners had been flown to Mexico. The Department of State encouraged Brazil to meet the terrorists' demands. After Elbrick was released, Secretary of State Rogers expressed his gratitude to Brazil for placing Elbrick's safety "above all other considerations."

April 5, 1970

Five armed men attempted to kidnap Consul Curtis S. Cutter from his car in Porto Alegre. Cutter swerved to avoid the gunmen, ran down one of them, and drove away at top speed. He was slightly wounded when the others fired at his car. Three members of the Popular Revolutionary Vanguard were later arrested in connection with the incident.

COLOMBIA

February 14, 1977

Guerrillas belonging to the Colombian Revolutionary Armed Forces (FARC) raided the town of La Macarena and kidnapped Peace Corpsman Richard Starr, whom they accused of being a CIA agent.

Starr was released on February 11, 1980, after the American journalist, Jack Mitchell, paid a ransom of $250,000. Mr. Mitchell worked for columnist Jack Anderson.

February 27, 1980

Colombian terrorists belonging to the M–19 guerrilla group seized the Embassy of the Dominican Republic in Bogota, capturing 30 diplomats from 17 countries, including 15 Chiefs of Mission. Ambassador Diego Ascencio was the only American among them. The terrorists initially demanded the release of 311 political prisoners, a $50 million ransom, and government publication of their manifesto. They gradually reduced their demands and released all but 18 of the hostages. The remaining hostages, including Ascencio, were released on April 27 in return for a $2.5 million ransom and passage to Cuba.

CYPRUS

June 16, 1956

William P. Boteler, Vice Consul in Nicosia, was fatally injured when Greek Cypriot terrorists threw a bomb into a restaurant where he was dining. James Dace, a Foreign Service staff member, and two other U.S. Government employees were injured in the bombing.

August 19, 1974

A mob of Greek Cypriots, protesting American policy toward the Greek-Turkish dispute over Cyprus, attacked the U.S. Embassy in Nicosia. Ambassador Rodger P. Davies and his Greek Cypriot secretary were killed by sniper fire from a nearby building.

On February 4, 1977, the Government of Cyprus arrested six members of the EOKA–B organization and charged them with manslaughter. Charges were dismissed against two suspects, and two more were acquitted. The remaining two were convicted in June of illegal possession of firearms and rioting. They received prison sentences of 5 and 7 years.

DOMINICAN REPUBLIC

March 24, 1970

Terrorists kidnapped Lt. Col. Donald J. Crowley, the U.S. Air Attache. He was released 2 days later, after the Dominican Government freed 20 political prisoners and flew them to Mexico.

September 27, 1974

The director of the U.S. Information Agency (USIA), Barbara Hutchison, was among eight hostages taken when members of the January 12 Liberation Movement seized the Venezuelan Consulate in Santo Domingo. The terrorists demanded the release of 38 political prisoners and a ransom of $1 million. When they demanded the release of 32 more prisoners, 10 of the prisoners joined most of the Dominican left in condemning the affair. The Dominican Government refused to comply with the terrorists' demands, and the hostages were freed on October 9 in return for safe conduct to Panama.

ETHIOPIA

September 9, 1969

Members of the Eritrean Liberation Front (ELF) kidnapped Consul General Murray E. Jackson while he was driving between Agordat and Keren. He was released 2 hours later, after his captors had him sign a statement that he had listened to their views and had not been mistreated.

April 21, 1970

Members of the ELF removed Peace Corpsman Jack Fry and his wife from a train. They were released on April 26. There was no ransom demand.

September 12, 1975

Members of the ELF kidnapped Army Specialist 5 David Strickland and Navy Electronics Technician Thomas Bowodowicz near Asmara. Both were released in the Sudan on January 9, 1976.

GREECE

December 23, 1975

Three gunmen shot and killed Richard S. Welch, the First Secretary of the American Embassy and Chief of the CIA's Athens station, outside his home in Athens. Various groups claimed responsibility, but Welch's assassins remain unidentified.

The Athens *News* had identified Welch and six other Embassy personnel as CIA agents on November 25.

GUATEMALA

January 16, 1968

U.S. Naval Attache Lt. Cmdr. Ernest A. Munro and Col. John D. Webber, head of the U.S. Military Assistance Advisory Group, were ambushed and killed in a suburb of Guatemala City. Two other members of the U.S. military mission were wounded.

The leftist guerrilla group, FAR [Rebel Armed Forces] claimed responsibility, stating that the two advisers were marked for "execution" because they had assisted the Guatemalan Armed Forces.

August 28, 1968

Terrorists killed U.S. Ambasssador John Gordon Mein. They forced his car to the side of a street, and shot him as he tried to flee. FAR guerrillas claimed responsibility, stating that they had intended to kidnap Mein and demand the release of imprisoned leftist leader Camilo Sanchez. Mein was the first American Ambassador to fall victim to terrorists.

March 6, 1970

Members of FAR kidnapped U.S. Labor Attache Sean M. Holly. They released him 2 days later after the Guatemalan Government freed three political prisoners.

The U.S. Government encouraged Guatemala to accept FAR's demands.

HAITI

January 23, 1973

Three Haitians kidnapped U.S. Ambassador Clinton E. Knox and demanded the release of 31 political prisoners and a $500,000 ransom. Consul General Ward L. Christensen voluntarily joined Knox in captivity during the negotiations. The next day, the terrorists reduced their demands to the release of 16 political prisoners, a $70,000 ransom, and safe conduct to Mexico. Knox and Christensen were released after the Haitian Government met these demands. The terrorists and the released prisoners, accompanied by the Mexican Ambassador, were flown to Mexico, where the ransom money was taken from them and returned to Haiti. Mexico refused to accept the political prisoners, who then proceeded to Chile.

IRAN

November 30, 1971

Ambassador Douglas MacArthur II escaped a kidnap attempt in Tehran. Two cars attempted to stop the Ambassador's car, but his driver avoided them. At least one shot was fired, and a hand axe was thrown through the rear window. Ambassador MacArthur and his wife were unharmed.

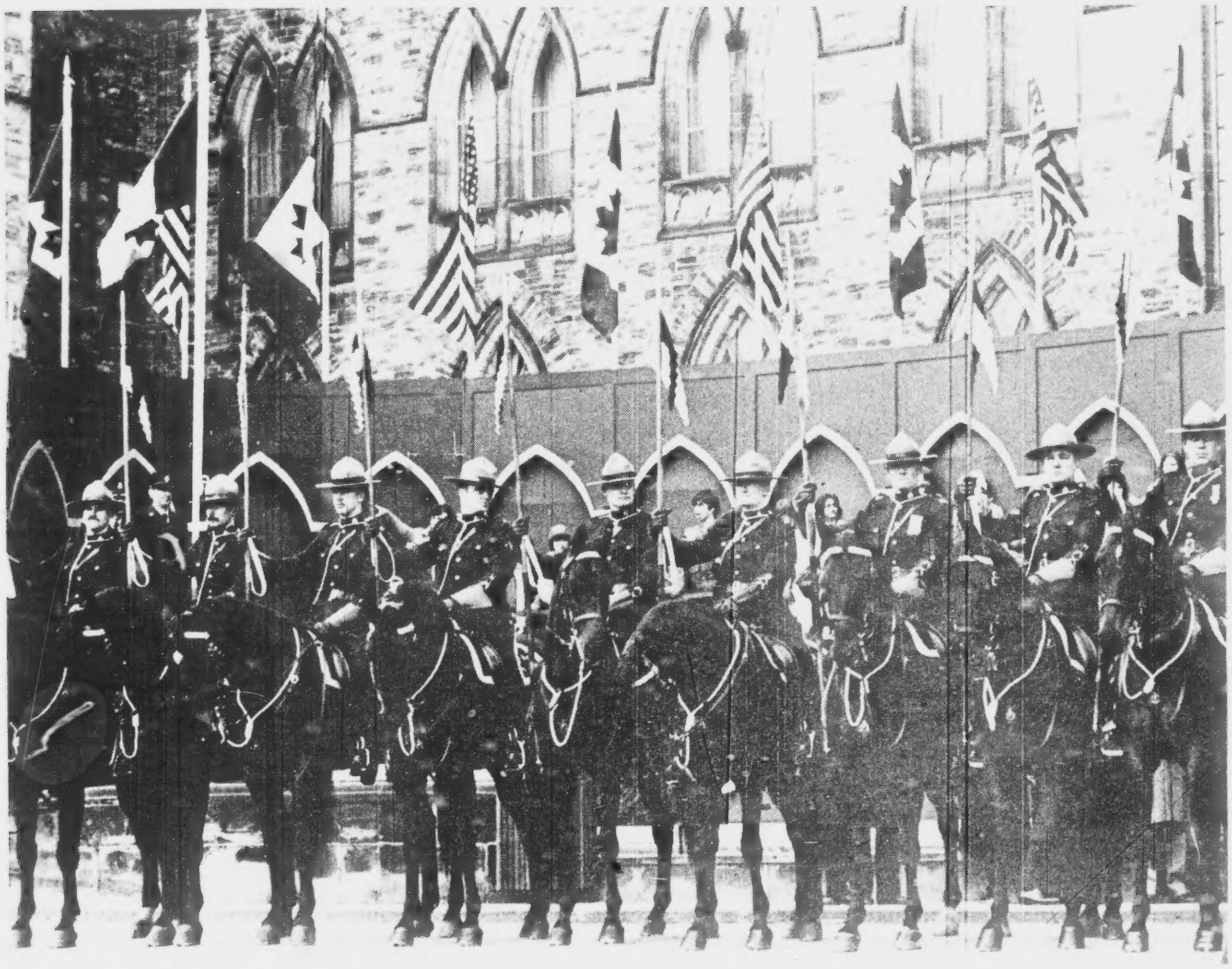
June 2, 1973

An Iranian terrorist shot and killed Lt. Col. Lewis L. Hawkins, an American military adviser in Tehran. Iranian police killed the suspected assassin on June 15.

May 21, 1975

Five Iranian terrorists shot and killed Air Force Col. Paul R. Shaffer, Jr., and Lt. Col. John H. Turner in Tehran. Both officers belonged to the U.S. Military Assistance Advisory Group.

Iranian police arrested two of the terrorists on July 29. They were among 10 terrorists who were condemned to death at the end of the year by a military tribunal. Nine of the terrorists were executed on January 24, 1976.



(White House photo by Michael Evans)

The Royal Canadian Mounted Police.

Mrs. Reagan signs the distinguished guest book at the Canadian Forces Base. Behind her are Governor General and Mrs. Schreyer, President Reagan, and Col. Ron Bell, base commander. (White House photo by Michael Evans)

Prime Minister Trudeau escorts President and Mrs. Reagan at the National Arts Centre. (White House photo by Karl H. Schumacher)

President Reagan and Governor General Schreyer at the state dinner at Rideau Hall. (White House photo by Michael Evans)

President Reagan Visits Canada

President Reagan made a state visit to Ottawa March 10–11, 1981. Following are remarks made at the welcoming ceremony on March 10, the President's address before a joint session of the Canadian Parliament on March 11, and remarks made to reporters on March 11.[1]

WELCOMING CEREMONY[2]

Governor General Schreyer

It is with great pleasure and warmth of feeling that we greet you and Mrs. Reagan on behalf of the people of Canada.

You come to us representing the country that is both our nearest neighbor and also which the history of this 20th century has made our closest ally. Through the long years of our association, Canada and the United States of America have met and overcome many challenges and problems together. We have, I believe, acted effectively as partners, confident that our differences make our combined efforts that much more effective.

Now, in a period of uncertainty in the world, Canada remains committed to working with the United States to further the fundamental ideals and values of freedom and of equality before the law which we both share.

I am confident that your visit to Canada will serve to strengthen the firm and rational ties of friendship and practical cooperation which exists firmly and historically between our two countries. While here, I hope that beyond the sometimes formal aspects of state occasions that you will also encounter something of the human, kindred dimension which gives relations between Canada and the United States, and as between the millions of individual Americans and Canadians, their deeper meaning and their unique character.

Monsieur le Président, au nom de tous les Canadiens, je vous souhaite la bienvenue dans notre pays qui, comme le votre, compte parmi ces citoyens des personnes de souche ethnique et linguistique multiple et variée. [Mr. President, on behalf of all Canadians, I welcome you in our country which, as yours, has among its citizens people of multiple and diverse ethnic and linguistic origins.]

If this is the era of the global village, then welcome to the house next door; welcome to Canada.

President Reagan

Nancy and I are happy to be here. One can receive no warmer greeting than the heartfelt welcome of a trusted friend. And yes, we, the people of the United States and of Canada are more than good neighbors; we're good friends. We citizens of North America, while respecting the sovereignty and independence of our respective national identities, are without question friends that can be counted upon. Whether in times of trial and insecurity or in times of peace and commerce, our relationship has never weakened. The faith between us has never wavered.

We each play a separate and important role in international affairs. We have economic interests that bind us in cooperation and, in some cases, put us into competition. But these separate roles are respected by our two peoples and have never diminished the harmony between us.

I hope this visit will make clear my commitment as President of the United States to work in close cooperation with the Government of Canada. Whether in trade or defense or protection of our environment and natural resources, our two nations shall continue the unique relationship that has been the envy of the world, a relationship that has enhanced the standard of living and the freedom of our people. Let us continue and let us move forward.

It is a great pleasure to be here with you. *Merci.*

ADDRESS BEFORE PARLIAMENT[3]

Prime Minister Trudeau

Yesterday I welcomed you to Canada. I repeat that welcome now because in this chamber Canada's democracy finds its ultimate expression. Here in a special way, we speak on behalf of the people of Canada. And here, the people of Canada are honored to receive you.

Nations do not choose their neighbors; geography does that. The sense of neighborhood, however, is more than a product of geography; it is a creation of people who may live as far apart as California and Quebec. It is what makes neighbors of Canada and Mexico, for instance. Canadians have noted this sense in you, Mr. President, and they know that it gives a particular meaning to your visit to Ottawa.

[*In French:*] Our neighborhood is not only a place but a state of mind, not only North America but the New World. We share the dreams that have made this continent a beacon, a hope, and a haven for people everywhere. We share the courage and joy in hard work that enabled us to build two great federal states side by side, from our first landfalls on the Atlantic to our last frontiers on the Pacific. We cherish what we have made. We are determined to preserve it, but at the same time we have been glad to admit others to the bounty and freedom we have found here.

[*In English:*] It is right that we should celebrate what we hold in common. At the same time, it is necessary that we remember and respect what makes us different. More than 200 years ago our paths diverged although our goals remained the same. You created a great republic with a presidential system. We evolved as a constitutional monarchy under a parliamentary system. You placed yourselves from the outset under a written constitution that you continue to revere today. We are only now finishing the work of writing ours and bringing it home. You fought a

A. Is that subject a negotiation? If you sit at a table and say: "We want you to get out of Afghanistan," and they're going to say "no," what do you do? Offer them–let them go in someplace else if they'll get out of there?

I remember when Hitler was arming and had built himself up–no one has created quite the military power that the Soviet Union has, but comparatively he was in that way. Franklin Delano Roosevelt made a speech in Chicago at the dedication of a bridge over the Chicago River. And in that speech he called on the free world to quarantine Nazi Germany, to stop all communication, all trade, all relations with them until they gave up that militaristic course and agreed to join with the free nations of the world in a search for peace.

Q. That did a whale of a lot of good.

A. But the funny thing was he was attacked so here in our own country for having said such a thing. Can we honestly look back now and say that World War II would have taken place if we had done what he wanted us to do back in 1938? I think there's a very good chance it wouldn't have taken place. But again, as I say, some evidence from the Soviet Union, I think, would be very helpful in bringing about a meeting.

Q. It sounds as if you're saying that there isn't going to be any summit meeting with Brezhnev.

A. No, I haven't put that as a hard and fast condition. I'm just saying that in discussing with our allies, it would make it a lot easier if we were able to say: "Well, now look, they've shown some signs of moderating their real imperialistic course." When we look at where we are and with their surrogates, Qadhafi in Chad, Cuba in Angola, Cuba and East Germans in Ethiopia, in South Yemen, and, of course, now the attempt here in our own Western Hemisphere–

Q. I hate to belabor this, but since the whole world is looking forward, I think, to eventually some negotiations to stop the arms race, to get off of this danger point, it is an important thing, and I gather that the Soviet Union has to make a unilateral move–to their point, it would be backwards. They'd have to, let's say, get out of Afghanistan. Do they have to get out of Afghanistan before you'd meet?

A. No, I haven't said that, and I can't really say a specific answer to any of these things unless and until I have met with and discussed this whole problem with allies who, you know, are only a bus ride away from Russia.

Q. They seem to be saying, as near as we can tell, in their press and elsewhere, that they're saying they're anxious for you to meet on arms control. They're anxious to get arms control discussions going. They're terribly concerned about that. They're fearful that you're not going to want to negotiate until such time as you get your defense program and your economic program through Congress and feel that you're negotiating from strength and that they're fearful that that's going to be some time. And too late.

A. Too late for what is the question. No, I don't know, but I do believe this: that it is rather foolish to have unilaterally disarmed, you might say, as we did by letting our defensive–our margin of safety deteriorate and then you sit with the fellow who's got all the arms, what do you have to negotiate with? You're asking him to come down to where you are or you to build up to where he is, but you don't have anything to trade. So, maybe realistic negotiations could take place. When? We can say: "Well, all right. This thing that we're building we'll stop if you'll stop doing whatever it is you're really doing."

Q. You campaigned on lifting the grain embargo to the Soviet Union. You delayed in doing that so far because you, I gather, feel it would send the Russians the wrong message, perhaps, if you did. Senator Helms has suggested perhaps if the embargo–grain embargo–should be extended to a general boycott of all U.S. trade with the Soviet Union. Is that an option that you're studying?

A. I don't think you rule out anything. Actually, my campaigning was more on my criticism that the embargo shouldn't have taken place the way it did in the first place–that if we were going to go that route, then it should have been a general embargo. We shouldn't have asked just one segment of our society and not even agriculture, just the grain farmers, to bear the burden of this, when at the same time we knew we could not enforce or persuade friendly nations to us who would be tempted to take over that market and many of them did start supplying the grain that we weren't supplying. So the question was: Were we hurting ourselves worse than we were hurting them?

Certainly it didn't stop the invasion of Afghanistan. And I criticize this. At the same time–and we have made no decision now on it–I would like to lift the embargo. I think all of us would. But at the same time, now and with Poland added–the situation in Poland to Afghanistan and all–we have to think very hard as to whether we can just go forward unilaterally and do this.

Q. Because, in effect, it has been effective. They are having problems with grain supply there, aren't they?

A. I think they'll always have problems with supply because they insist on that collective farm business which never has worked and isn't going to work in the future.

You know, this is something that I've never been able to understand about the Russian leaders. Wouldn't you think some time they would take a look at their system and say: "We can't provide enough food to feed our people"–to say nothing of other consumer items that are still rationed and scarce in supply under that system–"and yet, we can look at these other countries in the world, all the countries that chose this way, not only the United States, but South Korea, Taiwan, all the countries that choose the free marketplace, their standard of living goes up and up. And we have–our problem isn't one of not raising enough food, it's not finding enough places to sell it."

Q. What place do you think human rights should have in our foreign policy?

A. I think human rights is very much a part of our American idealism. I think they do play an important part. My criticism of them, in the last few years, was that we were selective with regard to human rights.

We took countries that were pro-Western, that were maybe authoritarian in government, but not totalitarian–more authoritarian than we would like–did not meet all of our principles of what constitutes human rights and we punished them, at the same time that we were claiming detente with countries where there are no human rights. The Soviet Union is the greatest violator today of human rights in all the world. Cuba goes along with it, and yet, previously, while we were enforcing human rights with others, we were talking about bettering relations with Castro's Cuba. I think that we ought to be more sincere about our position on human rights.

Q. Do you believe that our requirements for military allies and bases should take precedence over human rights considerations?

A. No, I think what I'm saying is that where we have an alliance with a country that, as I say, does not meet all of ours—we should look at it that we're in a better position remaining friends, to persuade them of the rightness of our view on human rights than to suddenly, as we have done in some places, pull the rug out from under them and then let a completely totalitarian takeover that denies what human rights the people had had.

Q. Doesn't that put us in the position rather of abetting the suppression of human rights for our own selfish ends, at least temporarily, until such time that we can make those persuasive changes?

A. What has the choice turned out to be? The choice has turned out to be they lose all human rights because there's a totalitarian takeover.

Q. Your appointment to the head of the human rights section over at the State Department is Mr. Ernest Lefever, of course. He testified to the House Subcommittee in 1979: "In my view, the United States should remove from the statute books all clauses that establish a human rights standard or condition that must be met by another sovereign nation." Do you agree with that flat statement?

A. I've never had a chance to discuss with him just how he views that or what he believes the course would take. I do, however, believe that contrary to some of the attacks against him, that he's as concerned about human rights as the rest of us. But I think what he means is that basic human rights and the violation of them are being ignored by us where they take place in the Communist bloc nations.

Q. He says also that we should not be concerned with South Africa's racial policies but should make the country a full-fledged partner of the United States in the struggle against Communist expansion. Should we drop all of our concerns about human rights in South Africa?

A. No, no, and I think, though, that there's been a failure, maybe for political reasons in this country, to recognize how many people—black and white—in South Africa are trying to remove apartheid and the steps that they've taken and the gains that they've made. As long as there's a sincere and honest effort being made, based on our own experience in our own land, it would seem to me that we should be trying to be helpful. And can we again take that other course? Can we abandon a country that has stood beside us in every war we've ever fought, a country that strategically is essential to the free world? It has production of minerals we all must have and so forth.

I just feel that, myself, that here, if we're going to sit down at a table and negotiate with the Russians, surely we can keep the door open and continue to negotiate with a friendly nation like South Africa.

Q. The Argentinian Government has just arrested internationally respected heads of the principal human rights organization there, seized their list of 6,000 persons who've disappeared under this government. Is the United States going to protest that?

A. That just happened, as you know, and I haven't had an opportunity to meet with Secretary Haig on this. In fact, the only information that so far has been presented to me is that it did happen.

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[1] Text from White House press release. ■

News Conference of March 6 (Excerpts)

. . . .

Q. Your Secretary of State has said that you would strongly oppose a right-wing takeover of the government in El Salvador, while your own White House spokesman has been less definite. Just how strongly would you oppose such a coup, and would it result in a complete cutoff of American aid, both economic and military?

A. I think what we're all intending to say is that we would have to view very seriously such an attempt and such a coup. We're there at the request of the government. We're supporting a government which we believe has an intention of improving the society there for the benefit of the people, and we're opposed to terrorism of the right or left. And so, we would have to view very seriously—I can't answer the last part of your question as to exactly what we would do, but it would be of the gravest concern to us if there were such a thing.

. . . .

Q. I'd like to ask you a two-part question on El Salvador. First, is a naval blockade an option you are considering? And second, given the fact that several Americans have been murdered in El Salvador in the last several weeks and the advisers you're sending there could well be a special target for terrorists, how do you intend to provide for the personal safety of those advisers? And do you envision the need for American troops as any sort of a security force for those advisers?

A. There almost were three parts to your question, so let me say the first part is, I won't comment on anything we might be considering in the line of an action with regard to the safety of our personnel. We're taking every precaution we can. We realize that there is a risk and a danger. None of them will be going into combat. None of them will be accompanying El Salvadoran troops on missions of that kind. They will be in what has to be considered as reasonably safe a place as there can be in that country in garrison.

They are there for training of the El Salvador personnel. We can't, I'm sorry to say, make it risk-free, but we shall do our utmost to provide for their safety.

Q. Do you not see the need for American troops as security forces, in other words?

A. No, that is not in our reckoning at all. We think we're abiding by what is—nor has it been requested. We've had requested the people that we have sent there already, and we don't foresee the need of any American troops.

. . . .

it or not, NATO is going to be increasingly influenced by events occurring outside its geographic borders. Whether we like it or not, that is a fact of life. I said that some 6 years ago to the horror of some of my NATO compatriots, and I've said it repeatedly ever since. I think historic events would underline that it was a correct statement.

Now, did I mean by that that I'm suggesting and have I ever suggested or does this Administration propose that the formal borders of the alliance—and I'm not including in that the minor adjustments in the naval areas, which I think are far more manageable if we'd get to it, but I'm talking in a broader sense—that we should be seeking the objective of dramatically broadening the perspective of the alliance?

My answer to that is it is not politically feasible. And I do not anticipate it in the near term. But I do welcome, and I do believe, that the NATO Secretary General's overwatch brief should be expanded, that consultations should occur throughout on troubled areas throughout the globe. And I'm pleased to say that this is increasingly the case.

I've also suggested that when NATO is unwilling or unable to conduct these discussions and these consultations within the 15, they must not and cannot be expected to have a right to complain when others use other fora to do that.

Q. You say it's not politically feasible. Are you talking about expanding the membership of the allies or are you saying that it is not politically feasible at all now or a little bit later?

A. No. I meant not in the membership area at all. Clearly, we have some expansion objectives there that we'd like to see.

I'm talking about the geographic planning and military coordination responsibilities for the alliance and political consultation, formal responsibilities beyond the borders of NATO into perhaps the Persian Gulf or the Middle East or Africa or wherever else you may be concerned.

Q. Have you had time to consider the point that Mr. Geoffrey Pattie made at the Munich conference recently where he suggested that some form of NATO presence shall be stationed outside the geographical area?

A. As I say, I am not horrified nor am I chagrined. In fact, I welcome such innovative suggestions because I think it's vitally important that NATO recognize that we cannot take an ostrich attitude with respect to events occurring—and especially illegal Soviet interventionisms outside the confines of the formal borders of the alliance.

Q. There is nothing, of course, to stop individual NATO nations taking initiatives in that direction.

A. Not at all.

Q. Are you more hopeful about the possibilities of that?

A. Yes. I would anticipate, if the fact from the current state of affairs is clear, that we have experienced in the West a number of setbacks recently of some consequence to our vital interests. I would anticipate discussions and I would hope concerted action by nations immediately threatened and those Western European and North American—and perhaps Asian—powers which have a vital interest as well.

One of the great problems with the NATO forum is that each of our nations has a different stake in the outcome of one of these Third World crisis areas. And so the problem of developing a consensus is always an anguishing one and sometimes an impossible one.

Q. With Lord Carrington, was any concern raised about possible cuts in U.S. foreign aid to Third World countries?

A. We did not discuss this, but I'm happy to do so because I had a press conference this morning in the White House on this subject that seemed to range far and wide from that topic. But we've just completed a very detailed assessment in compliance with our responsibilities for the President's economic program. It's resulted in some sharp retrenchments—about $1.8 billion retrenchment in the fiscal year 1982 program. And that would be about a 26% cut overall. We've done this because we feel that we have got to be participants in this vitally important objective of President Reagan. We've done it because we believe we cannot exercise adequately and appropriately American leadership and influence abroad if we are perceived to be unable to manage our internal economy.

I've spent 4½ years in Europe, and I can assure you that the declining value of the American dollar was not driven exclusively by fiscal imperatives. It reflected a number of other influences, one of which was the perception abroad and the declining level in confidence that we Americans had enough discipline left to pull up our socks and get our runaway double-digit inflation under control, to get our productivity back on the track, to become competitive with our goods abroad to the degree that we're capable with our high levels of technology, and to manage our energy problem both through conservation and alternate sources effectively.

I think this is a fundamental aspect for America, just as it is for Great Britain, if we intend to be major participants in the world scene and to have our influence felt. And so we are participating in that.

But having said that, I can assure you we're going to meet all of our commitments to both the multinational banks and all of our commitments to our bilateral partners. In fact, in the area of bilateral aid I would anticipate some increase in the period ahead while we are experiencing some retrenchment, resulting primarily from stretch-out of payments, while meeting those payments ultimately in the multinational obligations we have. I hope I've answered your question without hoisting myself on my own petard.

Q. Are you going to the Middle East soon?

A. I hope to make a visit in the near future.

Q. This year?

A. Yes.

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[1] Press release 54. ■

Secretary Haig Discusses Foreign Assistance

Secretary Haig made the following remarks to reporters at the Old Executive Office Building on February 27, 1981.[1]

I do want to take just a few minutes to say a word about the overall subject of foreign assistance and our approach to and participation in the President's overall economic program which we consider to be vital.

As you know, foreign assistance is a very minor budgetary item on our overall government budget. But it is a vitally important one, important in the context of our objectives abroad – humanitarian and developmental – and the meeting of vital U.S. interests as well.

We have in the Department of State, in very, very close consultation with Mr. Stockman [David Stockman, Director of the Office of Management and Budget] and his team, attempted to join in an effort which we think is vital to insure that our reductions in the budget are across-the-board. That's precisely the way we have moved, with an exception that I'll touch upon.

I'm happy to note that the Department of State is carrying its share of the reduction burden. For example, for 1982 alone, we will achieve a reduction of about $1.8 billion, or a 26% reduction in our overall foreign aid allocation; the domestic cuts that are of such current concern and the focus of such attention.

We're going to be able to do that as a result of an intense effort in the Department over the last 4 weeks in such a way that we will honor all of the commitments that the United States has made, both in our multinational or multilateral banking arrangements and in our bilateral arrangements with a number of recipient governments.

We are going to be able, we are confident, to preserve the humanitarian and developmental objectives of our overall aid program. And most importantly of all, we consider that we'll be able to meet the strategic objectives of the United States for which the aid program is itself conducted, on behalf of which.

We anticipate that this is going to require the reductions that I've talked about – improved management of our foreign assistance programs, the elimination of a number of "nice to have" but nonessential items, and in some instances the stretching out of obligatory payments within overall commitments that we found existed at the time we assumed responsibility.

With respect to the last point – stretching out – I want to emphasize that we are in an evolutionary way tending toward greater emphasis on bilateral rather than multilateral assistance. Now we hope to do that, I emphasize again, in an evolutionary not a revolutionary way. That doesn't mean we're turning our backs on multilateral lending institutions and assistance institutions, hardly at all.

But it's been our experience that we achieve greater precision and greater value to the American taxpayers if we emphasize bilateral assistance.

This happens also to be very consistent with the Republican Party platform adopted and voted for by the American people. Why have we accepted this reduced burden, recognizing that foreign assistance has been the focal point of reductions for the previous administration, recognizing that in a post-Vietnam America there has been great reluctance to indulge in the kind of hyperactivity assistance programs that we had witnessed since the end of the Second World War?

We're doing this first and foremost because it's our conviction in the Department of State that the overall effectiveness of the American foreign policy is intimately related to this nation's ability to manage its internal domestic economic affairs with discipline and with effectiveness. As one who sat abroad for 5 years and watched the growing malaise in our economy begin to influence the effectiveness of our international leadership – and I'm talking about such issues as runaway double-digit inflation, declining productivity, declining competitiveness of American goods abroad, and what was perceived to be by our foreign friends as an inability to manage effectively our energy program. All had a severe impact on America's ability to influence vital national interests abroad, certainly were a contributory to the declining value of the U.S. dollar, and, in some instances, foreign nations perceived for one reason or another that we were literally managing some of these problems to result in placing the burden in energy and inflation on their shoulders.

And so I consider that the American program and President Reagan's program to get our economy back on the track once again is not only of vital interest to domestic American interests, but it has a profound impact on America's effectiveness abroad.

Q. You didn't mention the elimination or cutting of embassy personnel as part of your budget-cutting procedure, and yet there were 20 people removed from the embassy in Nicaragua yesterday or Wednesday. Is this part of a budget cut, or is this part of your attempt to put pressure on the Government of Nicaragua to stop the flow of arms to El Salvador?

A. It's neither. I don't have to tell you that we have made it very clear to the Government of Nicaragua that the current level of aid to that government and the residual aid left that might be available to them is going to be subject to their adherence to American law, and that law provides that we cannot provide such assistance to governments that are actively involved in the exportation of terrorism and the support of aggression abroad. And that is an issue which we know today that the Government of Nicaragua is, indeed, in violation of. We've been in a studied dialogue with them with respect to it, and we're watching the situation very, very carefully. In the meantime, we're making appropriate adjustments that might be necessary should such a decision to terminate aid to Nicaragua be called for.

Q. How does that affect the aid levels for El Salvador, the budget cut?

A. Now, you know, there's been a lot of talk about El Salvador. I sometimes get up in the morning and read the press and wonder if I'm living in the same world that's being reported on. There has been no additional assistance provided to the Government of El Salvador. None. We merely are presiding over distribution of additional military assistance decided by President Carter's Administration before he left town. And I think it's awfully important that we understand that as we start to speculate about what is on the agenda of American activity in El Salvador.

First and foremost, let me emphasize to you that our problem with El Salvador is external intervention in the internal affairs of a sovereign nation in this hemisphere – nothing more, nothing less. That is the essential problem we're dealing with.

nues. These two factors were reflected in a significant aggregate loss for the total North Atlantic scheduled operations. It was agreed that caution was advisable with respect to the interpretations which might be drawn from the financial data, given the variation in airline performance in different markets, the lack of uniform methods of cost allocation, and the effect of external factors such as inflation, exchange rates, and depressed economic conditions on North Atlantic air services markets and costs.

The U.S. delegation raised the issue of free access by international carriers to rapidly developing computerized reservations and ticketing systems in Europe. The ECAC delegation noted that the issue of market access was a broad one, which also included, for example, the question of access by European carriers to the travel agency network in the United States. The Canadian delegation noted the desirability of combining suitable bilateral and multilateral approaches to problems relating to market access and other obstacles hampering an orderly and economically sound development of air transport on the North Atlantic.

There was also informal discussion of the possibilities for some form of multilateral approach to fare problems which have tended to arise in a bilateral context in North Atlantic markets. However, the three delegations held different views as to the desirability and workability of such an approach.

The U.S. representatives reported on the status of various regulatory proceedings regarding the allocation of airport slots.

On the subject of the Canadian compensation recovery charge on aviation fuel used in international operations, the ECAC and U.S. delegations expressed their concern, and the ECAC delegation asked that the measure be reconsidered. The Canadian delegation explained the intent of this compensation recovery charge and emphasized that it would be nondiscriminatory in character.

The delegations agreed that the exchange of views on the agenda issues had been useful. The future exchange of data would be reviewed and the parties would decide later when another tripartite meeting, to take place in Ottawa, might be scheduled.

Press release 53 of Feb. 26, 1981. ■

Visit of British Prime Minister Thatcher

Prime Minister Margaret Thatcher of the United Kingdom of Great Britain and Northern Ireland made an official visit to the United States February 25–28, 1981, to meet with President Reagan and other government officials. Following are the remarks made by President Reagan and Prime Minister Thatcher at the welcoming ceremony and their remarks following a meeting on February 26.[1]

WELCOMING CEREMONY, FEB. 26, 1981[2]

President Reagan

Prime Minister Thatcher, on behalf of the American people, Nancy and I extend to you and your family a warm welcome to the United States. Your visit here renews the personal friendship we began in your country just before you took office, and today as we meet in Washington at the start of my Administration we also renew the friendship and alliance of our people.

Great Britain and the United States are kindred nations of like-minded people and must face their tests together. We are bound by common language and linked in history. We share laws and literature, blood, and moral fiber. The responsibility for freedom is ours to share.

When we talked in London just over 2 years ago – when neither of us was in office – I was impressed by the similar challenges our countries faced and by our determination to meet those challenges. You have said that we enter into a decade fraught with danger, and so we have. But the decade will be less dangerous if the West maintains the strength required for peace, and in achieving that goal, there is one element that goes without question: Britain and America will stand side by side.

Outside Cambridge curving rows of simple white markers testify to a time when peace was lost and Britons and Americans united to turn back threats to freedom. Our challenge today is to insure that belligerence is not attempted again by the false perceptions of weakness. So long as our adversaries continue to arm themselves at a pace far beyond the needs of defense, so the free world must do whatever is necessary to safeguard its own security. A stronger, more vigilant NATO must be the background of that security and of our effort for equitable arms control.

The Atlantic alliance will continue to be the steadfast center of our mutual security. But we're also both concerned with the totality of the East-West relationship. The Soviet invasion in Afghanistan was a brutal invasion, and you, Prime Minister, took a lead in rallying world opinion against it, and for that we commend you. The tension in Poland commands the attention of the world. Clearly, the Polish people must be allowed to work out their own solutions to their problems. Outside intervention there would affect profoundly and in the long term the entire range of East-West ties. There are problems in other parts of the world such as regions of Africa and Central America where Anglo-American cooperation is key to the success of Western efforts to find solutions.

Americans are grateful for British efforts to bring the American prisoners home from Iran. We remember and are grateful for the support you gave us when you visited here a little more than a year ago. We remember your words of encouragement. They gave us heart. And together we will work to continue to confront the scourge of international terrorism.

Finally, our two nations know that there is no true security unless there is economic stability. We have both suffered from substantial economic difficulties. They might be different in their complexities and require appropriately different solutions, but we know that we share one basic commitment: We believe that our solutions lie within the people and not the state. We are committed to unleashing the natural power of the individual to produce more and to make a better life for all. We believe that people will stay free when enterprise remains free, and we believe that there are no insurmountable problems when we let individuals make decisions outside the restricting confines of government.

Prime Minister Thatcher, I look forward to our discussions, to the pleasure of renewing our friendship, and to the opportunity to fortify the commitment between our countries. On behalf of all Americans I welcome you and your family to the United States.

Prime Minister Thatcher

Mr. President, I count it a double joy that I'm once again in the United States and that I'm being greeted here by you, newly in office, after a splendid victory but long since for me a trusted friend. Your warm welcome in this deeply moving ceremony will strike a chord in the hearts of British people everywhere.

These are not easy times in which to assume and to bear the responsibilities of national and international leadership. The problems are many, the dangers real, the decisions difficult. Indeed, weaker spirits might even be tempted to give way to gloom. But others like you are stirred by the challenge. And that's why I value so greatly the opportunity to come to Washington to talk with you and to discuss the way ahead on so many of the problems of which you've spoken this morning.

We start from a common basis of understanding. For generations our two countries have cherished the same ideals. We've defended the same causes. We've valued the same friendships, and together we've faced the same dangers Today, once again, our sense of common purpose and common resolution is being tested. It will not be found wanting.

The message I have brought across the Atlantic is that we in Britain stand with you. America's successes will be our successes. Your problems will be our problems, and when you look for friends we will be there.

The natural bond of interest between our two countries is strengthened by the common approach which you and I have to our national problems. You have mentioned some of the relevant things. We are both trying to set free the energies of our people. We are both determined to sweep away the restrictions that hold back enterprise. We both place our faith not so much in economic theory but in the resourcefulness and the decency of ordinary people.

You've spoken of a time for renewal. If we are to succeed in the battle of ideas, if we are to hold fast and extend the frontiers of freedom, we must first proclaim the truth that makes men free. We must have the courage to reassert our traditional values and the resolve to prevail against those who deny our ideals and threaten our way of life.

You have understood the challenge. You've understood the need for leadership. In Britain you will find a ready response, an ally—valiant, staunch, and true.

REMARKS FOLLOWING MEETING, FEB. 26, 1981[3]

President Reagan

I just have a few words here—both of us—but I also want to say that due to the schedule that has been arranged and the meetings of the Prime Minister yet to go to, there'll be no time for any questions.

It's both appropriate and timely, I think, that Prime Minister Thatcher should be the first West European leader to visit here in the new Administration. Our deep ties and perceptions we share give us much to talk about. Together we're confronting an extremely grave international situation. We do so with determination and optimism. We're both committed to safeguarding fundamental Western interests worldwide, including Europe, the Persian Gulf, Southwest Asia, and Central America.

Our partnership in NATO is a vital part of that effort. We're determined to consult closely with each other and with the rest of our allies on all matters involving our common security. In that connection, we affirmed our support for the alliance's decision of December 1979 to modernize long-range theater nuclear forces and to pursue arms control efforts at the same time, in parallel.

We've also noted the Soviet proposal for a summit meeting. We believe this proposal needs to be carefully studied, and we will be consulting closely on this matter. For our part, we certainly have an interest in pursuing serious, constructive dialogue with the Soviets on those issues which divide us.

And again, let me say, Madam Prime Minister, we're just delighted to have you here with us.

Prime Minister Thatcher

Thank you. Mr. President, friends, may I just add one or two things to what the President has said?

We're very sensible in Britain of the honor you do us by asking us to make the first official visit of head of government to see you here, and we have, indeed, taken advantage of the opportunity afforded us to discuss many things which will be extremely important in the coming months. The President and I had a *tete-a-tete* for some time, and then were joined by the Vice President and the foreign secretaries, when we discussed many of the wider issues the world over.

Of course, we take the same view in the United States and Britain that our first duty to freedom is to defend our own. And our second duty is to try somehow to enlarge the frontiers of freedom so that other nations might have the right to choose it. It is, indeed, a very difficult time the world over, and we have, of course, discussed the many problems, as the President said, including President Brezhnev's recent speech, the problems in Africa, the problems in the Middle East, and the problems in Central and South America.

I really regard it as the beginning of a process of consultation. We shall both of us be going to a number of summit meetings this year. It is absolutely vital that we coordinate our efforts and decide upon a common line for the many problems that will face us.

Thank you very much for the wonderful welcome you've given us. Thank you for giving us so much time and for talking in so much detail about the things which concern us both, which concern our peoples, and which concern the peoples in the world everywhere. And I think, if I may—can I just end on a note of optimism? Yes, there are enormous problems. Yes, there have always been enormous problems, but I believe, together, we have the capacity to solve some of them. And those which we do not solve, I believe we can improve so that we can set them on their way to a solution in the end.

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[1] Texts from Weekly Compilation of Presidential Documents of Mar. 2, 1981, which also contains the toasts made at a state dinner at the White House on Feb. 26 and toasts made at a dinner at the British Embassy on Feb. 27.

[2] Made on the South Lawn of the White House.

[3] Made to reporters on the South Grounds of the White House. ■

February 14, 1979

Two hundred Iranian militants occupied the U.S. Embassy in Tehran for 2 hours before Iranian Government forces persuaded them to leave. An Iranian employee of the Embassy and the son of another local employee were killed. Marine Sgt. Kenneth Kraus, who had been wounded and captured during the takeover, was not released until February 22.

November 4, 1979

A mob of Iranian students occupied the American Embassy in Tehran and captured 66 Americans, all but two of them Embassy personnel. On November 7, the Iranians demanded the return of the deposed Shah, who had been admitted to the United States for medical treatment, as a precondition for release of the hostages. The United States stopped delivery of military supplies (November 9), suspended imports of Iranian oil (November 12), froze Iranian assets (November 14), and began to assemble naval forces in the Indian Ocean.

Iran released one woman and two black Marine Security Guards on November 19, and four women and six blacks the next day. The remaining hostages were threatened at various times with trial as spies. Six members of the Embassy staff escaped from the Consular Section during the takeover and found shelter at the Canadian Embassy. Canada closed its Embassy on January 28, 1980, and brought out the six Americans the next day.

Despite support from the United Nations and two favorable rulings by the International Court of Justice, the United States was unable to secure the release of the hostages until minutes before President Carter left office on January 20, 1981. The United States broke relations with Iran on April 7, 1980, and banned travel to Iran on April 20. An attempt to rescue the hostages failed on April 25, resulting in the deaths of eight American military personnel. Secretary of State Vance resigned shortly thereafter. Richard Queen, a consular officer, was released on July 10 because of ill health.

After the death of the former Shah on June 27, Iran modified its demands to include the return of the Shah's wealth, cancellation of American claims against Iran, unfreezing of American assets, and a promise of noninterference in Iranian affairs. On November 3, the Iranian militants turned the hostages over to the government. Negotiations leading to the release of the hostages began in Algiers on November 10, 1980.

JORDAN

June 7, 1970

Members of the Popular Front for the Liberation of Palestine (PFLP) captured Morris Draper, head of the Political Section of the U.S. Embassy. They reportedly demanded the release of comrades who had been captured by the Jordanian Army the day before. Draper was released after 22 hours.

On the same day, Army Capt. Robert Potts and his wife were wounded when Palestinian commandos fired on their car at a roadblock. Potts was assigned to the Defense Attache's office in Amman.

June 10, 1970

Maj. Robert Perry, a U.S. military attache, was killed when a band of Palestinians tried to break into his house.

In a separate incident, two fedayeen ransacked the homes of two U.S. officials and raped their wives. Yasir Arafat, leader of the Palestine Liberation Organization (PLO), later announced that the fedayeen did not belong to either Al Fatah or the PFLP and that the two had been executed on June 13.

September 9, 1970

The PLO held Staff Sgt. Ervin Graham of the Defense Attache's office in Amman for 8 days. There was no ransom demand.

September 11, 1970

The PLO kidnapped Jon Stewart, a cultural affairs officer with the U.S. Information Agency (USIA), and interrogated him. He was released the next day. There was no ransom demand.

LEBANON

March 13, 1975

Three Palestinians kidnapped Michael Konner, a Foreign Service officer, in a Beirut marketplace. They released him 14 hours later after questioning and beating him. Konner was not seriously injured.

April 16, 1975

John McKay of the Drug Enforcement Administration (DEA) was held for 2 days at the Sabra refugee camp near Beirut. His Palestinian captors made no ransom demand and released him after interrogation.

June 29, 1975

Palestinian guerrillas captured Army Col. Ernest R. Morgan in Beirut as he returned to Turkey from CENTO exercises in Pakistan. They demanded that the U.S. Embassy donate food, clothing, and building materials to a Muslim district of Beirut that had been heavily damaged in the Lebanese civil war.

Both the Palestine Liberation Organization (PLO) and the Popular Front for the Liberation of Palestine (PFLP) denied responsibility for the kidnapping. Col. Morgan was released on July 12 after the Lebanese Government distributed free rice and sugar in the Al Masklakh quarter of Beirut.

October 22, 1975

Members of the PFLP captured Charles Gallagher and William Dykes, the director and assistant director of the regional service of the U.S. Information Agency (USIA) in Beirut. They were released on February 25, 1976, at the home of Kamal Jumblatt, a Lebanese leftist leader.

Their captors' demands ranged from a ransom to the release of Palestinian guerrillas held in Israel or in Lebanon. Lebanese sources claimed that Israel had released two Palestinians in exchange for Gallagher and Dykes, but U.S. and Israeli sources denied that there was any connection between the two releases.

June 16, 1976

Ambassador Francis E. Meloy, Jr., and Economic Counselor Robert O. Waring were kidnapped in Beirut while on their way to meet with President-elect Sarkis. Meloy, Waring, and their Lebanese chauffeur were found dead near a beach several hours later. No demands were made, and the assassins remain unknown.

The U.S. Government urged its citizens to leave Lebanon on June 18. Twenty of the 32 remaining Embassy personnel were evacuated by sea on July 27.

August 27, 1980

Unknown assailants in Beirut fired on Ambassador John Gunther Dean's car. He and his party escaped unharmed.

March 10, 1981

An unidentified sniper fired a shot into a tire of a car carrying security guards escorting Ambassador John Gunther Dean. The incident took place as the Ambassador's party crossed the "green line" dividing the Christian and Muslim sectors of Beirut. No one was injured.

MALAYSIA

August 4, 1975

Five members of the Japanese Red Army seized the Consular Sections of the American and Swedish Embassies in Kuala Lumpur. Among the 52 hostages was American Consul Robert S. Stebbins. The hostages were freed after Japan agreed to release five other members of the Red Army. All 10 Red Army members departed for Libya on August 8.

MEXICO

May 4, 1973

Members of the Peoples Revolutionary Armed Forces kidnapped Consul General Terrence G. Leonhardy near Guadalajara. They demanded freedom for 30 political prisoners, passage to Cuba, publication of a communique, and suspension of a police search for them. The Mexican Government met these demands, Mrs. Leonhardy borrowed $80,000 from a local bank as a ransom, and Leonhardy was released on May 7. Five persons were later arrested in connection with the case.

March 22, 1974

Vice Consul John S. Patterson was kidnapped near Hermosillo. The "Peoples' Liberation Army" (PLA) claimed credit and demanded a $500,000 ransom. Mrs. Ann Patterson claimed that all attempts she made to deliver the ransom were unsuccessful. Patterson was found dead in the desert on July 8.

The "PLA" turned out to be a hoax. Bobbie Joe Keesee of San Diego, who had hijacked a small plane from Thailand to North Vietnam in September 1970, was arrested and charged with planning the kidnapping. Greg Curtis Fielden was named as an unindicted coconspirator. Keesee was sentenced to 20 years in 1975 for conspiracy to kidnap a diplomat.

SUDAN

March 1, 1973

Eight members of the Palestinian terrorist group "Black September" seized the Saudi Arabian Embassy in Khartoum during a farewell reception for American Charge d'Affaires George Curtis Moore. They took 10 hostages, including Moore, the incoming U.S. Ambassador Cleo A. Noel, Jr., the Saudi Ambassador and his family, and the Belgian and Jordanian Charges. They demanded the release of an Al Fatah leader (Abu Daoud), other Palestinians held by Jordan and Israel, Sirhan Sirhan, and members of the Baader-Meinhof gang imprisoned in West Germany.

The terrorists released all their hostages except Noel, Moore, and Belgian Charge Guy Eid and reduced their demands to the release of Abu Daoud and 16 Palestinians held by Jordan. The Government of the Sudan refused to negotiate, and the three hostages were killed. The terrorists surrendered on March 6.

Sudanese President Nimeiri denounced the act and banned further operations of Palestinian groups in the Sudan. The terrorists went on trial on June 1, 1974, and were sentenced to life imprisonment on June 24. President Nimeiri reduced their sentences to 7 years and released them to the PLO the next day. The terrorists were then flown to Cairo, where Egyptian authorities imprisoned them.

TURKEY

February 15, 1971

Members of the Turkish Peoples' Liberation Army held Air Force Sgt. James R. Finley for 17 hours. He had reportedly come upon them as they tried to steal arms from a U.S. Air Force base outside Ankara.

March 4, 1971

Five members of the Turkish Peoples' Liberation Army kidnapped four Air Force personnel shortly after they left a radar station outside Ankara. They demanded a $400,000 ransom and the release of all political prisoners in Turkey.

The Turkish Government refused to negotiate, and Turkish police arrested a suspect on March 4. The four Americans, Sgt. James J. Sexton and Airmen Larry J. Heavner, Richard Caraszi, and James M. Gholson were released unharmed on March 8.

URUGUAY

July 31, 1970

Tupamaro guerrillas tried to kidnap Michael G. Jones, Second Secretary of the U.S. Embassy, and Cultural Attache Nathan Rosenfeld. Rosenfeld escaped while Jones was being tied up and loaded into the back of a pickup truck. Jones later escaped when the truck stopped for a red light.

Daniel A. Mitrione, an Agency for International Development (AID) official working as a public safety adviser with the Uruguayan police, was less fortunate. Tupamaro guerrillas kidnapped him on July 31 and demanded the release of all political prisoners in Uruguay. The government refused to negotiate, and Mitrione was found dead in Montevideo on August 10.

August 7, 1970

Tupamaro guerrillas kidnapped Claude L. Fry, an agricultural expert who represented AID. Although the Uruguayan Government refused demands to publish the text of a revolutionary manifesto, Fly was released March 2, 1971, after suffering a heart attack.

VENEZUELA

November 27, 1963

Members of the Army of National Liberation (FALN) kidnapped Col. James K. Chenault, deputy chief of the U.S. military mission in Venezuela, in Caracas. FALN made no demands, claiming that it merely wanted publicity. Col. Chenault reported that his captors tried to indoctrinate him.

October 3, 1964

Members of FALN kidnapped Col. Michael Smalen, deputy chief of the U.S. Air Force mission in Venezuela. Col. Smalen was released on October 12. His captors again made no demands on the Venezuelan Government, claiming to want only publicity. Five members of FALN were later arrested in connection with the case. ■

tragic civil war. We have recently undergone the experience of a referendum that involved no violence but, nonetheless, touched the very fiber of this country. The differences of history affect our relations today because they affect our perceptions, our approaches, our priorities.

You would perhaps agree with Thoreau where he says of the U.S. Government, and I quote: " . . . this government of itself never furthered any enterprise, but by the alacrity with which it got out of its way. It does not settle the West. It does not educate. The character inherent in the American people has done all that has been accomplished. . . . "

The character of the Canadian people has also made Canada. But here in Canada, our own realities have sometimes made it necessary for governments to "further enterprise." Those realities and that necessity are still with us today.

[*In French:*] You have come to Canada at a busy moment in our history. We are still engaged in the task of nationmaking. As an American you will understand the challenge before us. We are seeking to perfect our democracy and strengthen our unity. Sometimes, the noise we make will reach your ears. I can assure you, however, that out of the tumult and heat of creation we are forging a stronger Canada. To borrow someone's definition of a megalopolis, we are determined that we will not emerge from our present debate as a "loose confederation of shopping centers."

In the years ahead, the United States will face a dynamic neighbor to the north. As we put our house in order, we in Canada will grow in self-confidence. We will see our interests more clearly and pursue them more vigorously. What will not change, however, is our deep friendship with the United States. Indeed, the relationship between our two countries will grow as Canada grows. Certainly, we will have some lively discussions over the back fence. But we have always spoken plainly to each other—plainly but with mutual respect, because that is the way sovereign equals and close friends should speak to each other.

[*In English:*] You take on your awesome responsibilities at a time of stress and crisis in international affairs. The world badly needs the courage and wisdom of the United States—that courage that it can provide under your leadership. I speak for all Canadians when I say we are ready to work with you in the cause of stability, security, and humanity.

Your task—our joint task—will not be an easy one. Many people fear that the world has become too complicated, that events have spiraled beyond the control of individuals or governments. They're tempted to give up, to opt out, and to hide from reality and responsibility. That way lies oblivion.

I believe that we must neither cower before reality nor oversimplify it. Yet complexity should not obscure plain truth. On this most favored of continents, we cannot simply turn our gaze inward and ignore poverty, ignorance, and injustice elsewhere.

To the East, we face a system that seems ill-designed to respond to change and growth. Nevertheless, the Soviet Union and the Eastern European states may come to accommodate themselves at least to the dynamics of their own region. If, for example, the Polish people are able to work out their own destiny within a framework accepted by their neighbors, then they will have matched revolution with a no less remarkable evolution. Through courage and restraint, they will have begun the process of making their reality more Polish and their system more responsive, more adaptable, and, ultimately, more stable.

In the West, we have a long familiarity with the pressures of change. In the past decade our economies have undergone a severe test, as trusted assumptions have been found wanting. In the 1970s we were buffetted by the rude shock of rapid energy price increases. We were forced to recognize that the old monopoly of economic power was coming to an end. And yet for all the strains upon us, our political and economic framework has survived—survived at least as well as the chicken and the neck to which Winston Churchill once referred in this chamber.

Each of the Western countries has met the challenge of change in its own way. Since all of us have our own distinctive economic strengths and weaknesses, our solutions have had to be diverse. We have found no simple answers. We've fashioned no single way. With cooperation and consultation,

(White House photo by Michael Evans)

Mrs. Reagan and Mrs. Schreyer during welcoming ceremonies at the Canadian Forces Base (Ottawa).

however, we've been able to complement our various approaches.

At another level, though, we do have a single approach. Let there be no doubt about our unity in the defense of our most precious heritage – that democracy which is envied by those who rightly crave it and feared by those who wrongly deny its force.

As to North and South, we are not dismayed by the complexity of the problems. The poverty of the developing countries does not have to be permanent, nor is it unalloyed. The gap between the two groups is neither racial nor unbridgeable. In the growth of the oil-producing states, in the vigor of the newly industrialized countries, there is convincing evidence of the dynamism and potential of the developing world. In the unity of the South there's not so much an identity of circumstances as an idea, a point of view, a shared sense of injustice. The poorer peoples are at the mercy of circumstances that leave them out of balance, often out of hope, and too often vulnerable to opportunists who come poaching in troubled waters. The industrialized democracies have not only a human duty but a strategic obligation to help developing countries in their struggle, their survival, and their success.

Humanity will prevail. We in the New World can never be pessimists, for we are, in a very real sense, the custodians of the future. You have reminded us of this on both sides of the 49th parallel. You've done so by evoking a past in which both our peoples have been the architects of change, not its victims. I wish you well in your task and comfort in your burden. May part of that comfort come from the assurance of Canada's abiding friendship for your country and for your people.

President Reagan

I came to this great capital of this great nation by crossing a border not which divides us but a border which joins us.

Nous nous sommes souvent serré la main par dessus cette frontière et nous le faisons une fois encore aujourd'hui. For those of my own party who accompanied me, I have said we've often shaken hands across this border and we're doing it once again today.

Nancy and I have arrived for this, the first state visit of my Presidency, in the spirit expressed so well by a Calgary writer and publisher some 60 years ago. He said: "The difference between a friend and an acquaintance is that a friend helps where an acquaintance merely advises." [Laughter] We come here not to advise, not to lecture; we are here to listen and to work with you. We're here as friends, not as acquaintances.

Some years ago, Nancy and I both belonged to a very honorable profession in California. And as I prepared for these remarks today, I learned that among those in the motion picture industry in Hollywood, it has been estimated that perhaps as many as one out of five are of Canadian origin. Many of those whom I counted as close professional colleagues and, indeed, close personal friends, did not come from America's heartland as I did, but from the heart of Canada, as did most of you in this historic chamber. Art Linkletter, Glenn Ford, Raymond Massey, Walter Pidgeon, Raymond Burr are but a few of your countrymen who are celebrated in our entertainment industry.

I believe I know the very special relationship between Canada and the United States, but with all respect to those few that I have mentioned, I can do better than that. A young lady once came to Hollywood from Toronto, and before long little Gladys Smith was embraced by our entire nation. Gladys Smith of Toronto became Mary Pickford. And I know that you'll forgive us for adopting her so thoroughly that she became known the world over as "America's sweetheart." [Laughter] But "America's sweetheart" was Canadian. [Laughter]

Affinity, heritage, common borders, mutual interests – these have all built the foundation for our strong bilateral relationship. This relationship has grown to include some of the strongest economic links among the nations of this Earth. Some 16% of America's total world trade is done with Canada. Our joint trade amounts to about 90 billion Canadian dollars annually. This is greater than the gross national product of some 150 countries. It's estimated that three-quarters of a million U.S. workers are employed in exports to Canada, and, in turn, Canadian exports to the United States account for one-sixth of your gross national product. Not only is the vast bulk of this trade conducted between private traders in two free economic systems, but more than half crosses our borders duty-free. Our seaways, highways, airways, and rails are the arteries of a massive, interconnecting trade network which has been critically important to both of us.

Thus, while America counts many friends across the globe, surely we have no better friend than Canada. And though we share bilateral interests with countries throughout the world, none exceeds the economic, cultural, and security interests that we share with you.

These strong and significant mutual interests are among the reasons for my visit here. Already, I have shared with Prime Minister Trudeau very helpful discussions across a range of issues – to listen and to insure that these important ties shall not loosen.

I'm happy to say that in the recent past we've made progress on matters of great mutual importance. Our governments have already discussed one of the largest joint private projects ever undertaken by two nations – the pipeline to bring Alaskan gas to the continental United States. We strongly favor prompt completion of this project based on private funds.

We have agreed to an historic liberalization of our trade in the Tokyo Round of the multilateral trade negotiations. We've continued our efforts, begun with the Great Lakes Water Quality Agreement of 1972, to protect our joint heritage in the Great Lakes. We want to continue to work cooperatively to understand and control the air and water pollution that respects no borders.

During my visit here, I've had the pleasure of participating in the conclusion of two other important agreements. We are renewing the North American Aerospace Defense Command Agreement for 5 more years. For more than two decades now, NORAD has bound us together in our common defense with an integrated command structure symbolizing our interdependence. This agreement represents continued progress in our relations and mutual security.

And second, we have concluded an agreement regarding social security benefits between those of our citizens who combine work in both nations. And with this new agreement, these people who are employed in both countries, they can then be eligible for the combined benefits. And the workers will be eligible for those benefits in whichever country they choose to live.

Q. The United States role [in El Salvador] is being compared with its role in Vietnam 15–20 years ago. Do you think that's a valid comparison? And also, how do you intend to avoid having El Salvador turn into a Vietnam for this country?

A. I don't believe it is a valid parallel. I know that many people have been suggesting that. The situation here is, you might say, our front yard; it isn't just El Salvador. What we're doing, in going to the aid of a government that asked that aid of a neighboring country and a friendly country in our hemisphere, is try to halt the infiltration into the Americas by terrorists, by outside interference and those who aren't just aiming at El Salvador but, I think, are aiming at the whole of Central and possibly later South America—and, I'm sure, eventually North America. But this is what we're doing, is trying to stop this destabilizing force of terrorism and guerrilla warfare and revolution from being exported in here, backed by the Soviet Union and Cuba and those others that we've named. And we have taken that evidence to some of our allies. So, I think the situation is entirely different.

We do not foresee the need of American troops, as I said earlier, in this, and we're sending, what, some 50-odd personnel for training. We have such training squads in more than 30 countries today, so this isn't an unusual thing that we are doing.

. . . .

Q. There appears to be a debate within your Administration over whether to have mandatory or voluntary limits on Japanese auto imports. Have you decided which you would recommend going with?

A. We haven't reached a decision on this. We have a task force under Secretary of Transportation Drew Lewis. We've had one meeting with the task force—a Cabinet meeting—and the second meeting is scheduled for next week, and until then, no decisions have been made. Such things are part of the considerations as well as whatever special things we can do, mainly in the lifting of regulations that have made it more costly to build American cars and so forth. All of this is going to be discussed and a decision made when we have the final report in from the task force.

I think also that, again, we get back to our economic program. I think that in itself is one of the first steps in helping not only that industry but other industries.

Q. I'd like to ask this question in context of the campaign. One of the major issues was what was called the "war issue" at that time, in fact the question of whether you would be more toward war than Mr. Carter. And in fact, exit polls showed that some of those who voted did feel that you might get us into one faster. The first major issue in foreign policy has been El Salvador, which has been called risky and reckless by some, and which the allies—who you have shown in your many times that are very important and key to any question—have not jumped on the bandwagon supporting you in El Salvador. In fact, in Canada there's some controversy. Aren't you worried about that fact, especially since you go to Canada this week?

A. Not really, when you stop to think that I didn't start the El Salvador thing. I inherited it. And the previous Administration, which probably was as vociferous as anyone in talking about my threat to peace, they were doing what we're doing—sending aid to El Salvador of the same kind of aid that we're sending. I don't think that I'm doing anything that warrants that charge, while I didn't think I warranted it before. And I've been here more than 6 weeks now and haven't fired a shot. [Laughter]

Q. In addition to your decision to send military aid and advisers to El Salvador, what specific steps have you taken to insure that human rights violations there are not repeated?

A. What steps to be sure that human rights violations will not be repeated? As you know, an investigation was going forward with regard to an episode that happened before I took office. But in addition to the military aid, we are also supplying general aid, and they know our position with regard to the reforms that the Duarte government has been trying to implement—the land reform, creating of farms for the former tenants—and we support all of that. And one of our reasons for the support of this government is because we believe that they do hold out the best hope for improving the conditions of the people of El Salvador.

We're mindful of that, and we think that the—when the terrorists themselves, the guerrillas, boast of having killed—and they give a number somewhere above 6,000 people in the last year—and that's their own claim of what they've accomplished, we think we are helping the forces that are supporting human rights in El Salvador.

. . . .

Q. In advance of your trip to Ottawa next week, the most serious bilateral tension between Canada and the United States remains the unratified east coast fishing and boundaries treaty. Are you committed to finding a solution acceptable to the Canadians, or are you prepared to see the fishing portions of the treaty, at least, put into diplomatic limbo?

A. No, I don't want to see them in diplomatic limbo, and I want to see a settlement of this whole issue and have so informed our people on the Hill of that. But this meeting—this is going to be the first meeting, and it's going to be one of kind of establishing a base for future negotiations. I don't know whether we will get down to hard issues and make any settlements in a first meeting of this kind, but we'll certainly lay the groundwork for trying to eliminate anything that could divide us or remain a stumbling block to better relations. This is part of what I talked about all during the campaign, from my first announcement on, and that is to start here in the Western Hemisphere with building an accord between the three great countries of North America—Canada, the United States, and Mexico.

I'm sure that all of these things will be out on the table when we get there, but we'll set an agenda for trying to resolve them.

Q. The Canadian Government has an energy plan calling for 50% Canadianization of oil interests in that country and also added taxation of their production. It's a plan that has caused some shift of exportation from Canada to the United States. What will you be advising Mr. Trudeau next week when you visit with him on that plan? And how is it going to affect U.S. investments in that country?

A. I wish you were asking me this after we'd had the meeting. Things of this kind I would rather not state a case in advance. These are things I would want to take up when I get there and see how we can, as I say, set an agenda for getting them resolved.

With regard to energy, I am determined that the proper goal for us must be energy independence in the United

States, not that we would take advantage of either of our neighbors there with regard to energy supplies.

Q. Would you advise Mr. Trudeau to follow in your footsteps and speed up decontrol of oil and gasoline in that country as you have done here?

A. There's a little touchy ground in a first meeting to try and advise somebody how to run their country. I don't know that I'll do that. I might talk about what we've done.

. . . .

Q. As you well know, Turkey has been hit hard during the 3½ years' arms embargo from the United States. Do you consider to increase aid to Turkey on or above the amount President Carter suggested for fiscal 1982, which is $700 million? And also, would you favor a military grant to Turkey?

A. I—this is an awful thing to confess—I can't really out of all the programs remember where that figure stands.

Q. The $400 million is the military aid and the $300 million is the economic aid.

A. Yes, but I mean I can't recall where our figures stand in comparison to that, but I know that basically our philosophy is one of continued aid. And knowing the problems that have existed between Turkey and another friend and ally of ours, Greece, we are hopeful that whatever we can do in resolving any of the differences there we want to do. But both countries are vital to us. I consider them the southern plank of the NATO line. And, yes, I think there will be improved relations.

. . . .

Q. At your first press conference you were asked about the Soviet grain embargo, and you said there were really only two options—either to abandon it or to broaden it. Can you tell us which it's going to be, and if you haven't reached a decision yet, can you tell us what factors are still at play here?

A. We haven't reached a decision. I think all of us would like to lift the embargo. I still think that it has been as harmful to the American farmer as it has been to the Soviet Union. But the situation has changed from the time when it was first installed.

I was against it at the time. I didn't think it should have been used as it was, that if we were going to follow that road, we should have gone across-the-board and had a kind of quarantine. We didn't. But now we have to look at the international situation, the way it is, and see what would be the effect, not just on the use of grain but the whole effect and what would it say to the world now for us to just unilaterally move.

We're hopeful that we can arrive at a settlement and a decision on this and one that will benefit our farmers.

. . . .

Text from Weekly Compilation of Presidential Documents of Mar. 9, 1981. ■

Secretary Haig Interviewed for French Television

Secretary Haig was interviewed for French television, Antenne 2, at the Department of State on February 23, 1981.[1]

Q. Leonid Brezhnev, just today, said that he wishes to resume a dialogue with the United States despite the bellicose words of the Americans. What is your first reaction to that?

A. First, you catch me at some disadvantage because we have not had the opportunity to either read the full text of Mr. Brezhnev's speech nor to analyze it with the care that we would like—and even more importantly, to discuss its implications with our European and Atlantic community partners. I think this is an essential aspect of our approach. But I must say that we are very interested in what Mr. Brezhnev did have to say.

Q. What do you mean by "interested"? What meaning do you give to the word "interested" as it relates to American policy?

A. I think the first glance at some of the excerpts I've seen suggest there are some new overtones in Mr. Brezhnev's pronouncements, but these clearly have to be clarified and analyzed with great care. And I think it is sometimes counterproductive to be too eager to cast value judgments until we've had a chance to analyze, study, and consult with our partners on this subject.

Needless to say, we welcome a dialogue with the Soviet Union on a host of differences that divide us, and as you yourself pointed out, we have had already some comments to make with respect to the nature of Soviet international behavior as we perceive it over the last 5 years.

Q. Do you have the impression that the fact of having spoken loudly, strongly since the new Administration started has had a positive effect on the Soviet Union?

A. I think it's much too early to tell, but clearly this Administration—President Reagan—has felt that it is vitally important that the United States enter into a period of greater consistency in the conduct of our affairs abroad with both our friends and allies, members of the nonaligned states, as well as those of the Soviet bloc.

He also feels that the United States must project an image of relevancy. There has been at least the appearance of what I've referred to as the "Vietnam syndrome" where many of our friends have been confused, befuddled, and fearful that we have, in that post-Vietnam experience, tended to withdraw from the world. And we've also talked about balance. By balance I mean a clear recognition of the great number of contradictions that involve solutions to any particular problem area—the need to integrate political, economic, and security aspects of these problems.

Q. In the text that perhaps you have read, Mr. Brezhnev also proposes a summit—a Reagan-Brezhnev summit. Do you think this is achievable, or from the point of view of principle, would you find it desirable? Or do you think it's too soon?

A. I think, clearly—I've already made myself clear on this subject—that summitry should result in achievements. That means they must be carefully prepared. It means that the number of differences that exist between the parties to summitry should be on the verge of some kind of negotiated consummation. Consequently, I think, clearly, we have a lot of preliminary work to do in the areas of East-West differences before summitry itself would be in order.

In dealing with that problem, we're going to continue with levels of assistance determined as absolutely essential by the Carter Administration and our country team. And I recognize there are some differences with respect to assessments on the ground by various American representatives. That's to be expected and, indeed, is welcomed.

Secondly, our first priority for El Salvador itself is the pluralization, if you will, of that society but its own internal devices and reflective of the will of the people of El Salvador, not by some external vision of how they should best align themselves.

We have moved to help them in economic support. The current regime in El Salvador has moved on land reform and a number of other reforms. It has promised an election in 1983, all of which we welcome. That does not mean that we are comfortable with the current level of social reform in that government, not at all. It does not mean that we have abandoned our desire to assist in whatever way we can in assuring such social reform occurs within the overall environment in which a country is now being plagued by externally supported subversion through the provision of arms, assistance, communications, and a host of other illegal activities being conducted through Nicaragua, some other Central American countries, managed essentially by the Government of Cuba, similar to the activities we've seen in Angola, Ethiopia, Southern Yemen, Northern Yemen. And it seems that we have created a misinterpretation of the–

Q. I'm going to continue with–

A. First I see no definitive evidence of a real cessation in Cuban activity in the hemisphere. We have seen some shifting of the tempo that was very evident 3 to 4 weeks ago before we raised the issue. That's a question yet to be resolved by our own assessments and evidence that we can pick up.

With respect to El Salvador, and I didn't hit upon that in my comment, we are now considering whether or not a modest increase to the Carter program is called for. It has been recommended by our country team. It has been asked for by the Government of El Salvador.

With respect to Cuban arm shipments, there is still conflicting evidence. There is evidence to suggest there are still vast amounts yet to be moved, and there's a great deal of activity designed to move it. There's great concern about the so-called wet season–I guess we've heard that term before–and the need to get arms that have been provided in country or into neighboring countries. And there are reports of even larger shipments yet underway. All of this is being very, very carefully watched.

Q. Can you just stand by and let those shipments be moved, or do you have to take action against the Cubans to prevent it?

A. I think we have made it very clear from the outset that this is a problem emanating, first and foremost, from Cuba and that it is our intention to deal with this matter at its source.

Q. But the evidence suggests that the government forces are rather handily putting down the rebel opposition and have since the rebel December offensive failed. And if that is correct, is there any need to send American advisers, in any number, to El Salvador?

A. The question is first, has the offensive of January–was it a defensive defeat for the rebels?

Q. Is it correct that government forces have been and are now effectively winning or putting down the rebellion?

A. I think that question is highly speculative, in some instances subjective to the extreme. Evidence does not suggest that the insurgency is under control. Evidence does suggest that the all-out attack, which the rebels executed in January, was, in essence, a failure.

It was a failure first and foremost because, contrary to their hopes, the Salvadoran people did not rally around the rebels, and they remained rather, I would say, disinterested in the so-called revolution. It doesn't mean they're comfortable with their current plight, hardly at all.

Q. Are American military advisers, in any number, necessary to be sent to El Salvador?

A. Let's be very careful there too, because I've seen reports that there is some consideration of providing military advisers; and there is no intention–there's been no discussion of it, and there's been no consideration of it.

There have been considerations of whether or not our military training teams in specific functional areas are adequate to the needs of the security forces of El Salvador. The government there would like some assistance, and we are considering the pros and cons of providing that kind of assistance. But we are not talking about advisers.

Q. What is the difference?

A. I would view an adviser as someone who operates with forces, who are engaged or in potential engagement, as distinct from technical teams that teach people how to fly helicopters, how to conduct surveillance, and other related activities.

I think you're going to have to get back to the budget. I'd hoped and prayed that someone might ask me a budget question this morning.

Q. Can I miss the budget once more around? You talk about our intention to deal with this problem at the source. So far there's been no more than a rhetorical offensive against Cuba. What else do you have in mind?

A. If I've ever learned anything, it's the sterility of standing in front of the American press and laying out what you intend to do in contingencies. It immediately launches a domestic debate which prohibits you from even considering the options you might have been considering, and I'm not going to do that today.

Q. Could we clear up one point you mentioned, because it seems to conflict with what was said yesterday? You suggested that other assessments of the situation in El Salvador were expectable and welcome. That seems to suggest that you feel much more comfortable with the testimony of Ambassador White [Robert E. White, former U.S. Ambassador to El Salvador] than the State Department's spokesman and others in the Administration.

A. Hardly at all. We think the testimony of Ambassador White and his consulted advice to us for an extended period does not jive with our own assessments and the assessments of other specialists we've had in the area. I don't mean to portray that as some kind of a dramatic departure of difference, but there are differences in nuance that made it necessary for us to make a change down there, and I think you know this has been a longstanding problem. I'm very happy with the consequences. I'm also delighted that those who have differing views express those views.

Q. You're not concerned that he spoke out as he did before Congress?

A. I don't know what you mean by concerned.

ECONOMICS

U.S. Strategic Minerals Dependency

by Michael Calingaert

Statement before the Subcommittee on Science, Technology, and Space of the Senate Committee on Commerce, Science, and Transportation on March 2, 1981. Mr. Calingaert is Deputy Assistant Secretary for Economic and Business Affairs.[1]

I am pleased to testify before this subcommittee on the impact of possible interruptions of strategic materials and minerals supplies and the implications of the National Materials and Minerals Policy, Research and Development Act of 1980 (PL 96-479).

Promoting the continued availability of foreign raw materials at reasonable prices for domestic industry and defense is an important objective of our foreign policy. The Department of State is currently participating in a National Security Council-directed study of U.S. dependency on foreign sources of minerals supply. The results of that effort are expected to provide useful inputs to the activities of other agencies related to implementation of the National Materials and Minerals Policy, Research and Development Act of 1980. In addition, the Department of State plays a central role in monitoring foreign minerals developments, representing the minerals interests of the United States abroad, assessing potential mineral problems, and reacting to any problems which might occur.

The Department of State was assigned no specific responsibilities under the National Materials and Minerals Policy, Research and Development Act of 1980. Nevertheless, we are participating in the interagency Mineral Information Coordinating Committee, which was established by Presidential directive and is being used by the Department of the Interior to perform some of the actions required of it by the act. Through its membership on the Committee on Materials (COMAT), State participated in the Department of Commerce decision to select the aerospace industry as a specific case for examination under the act. The Department of Defense has invited us to participate informally in its activities in response to the act, and we are prepared to provide support to the Executive Office of the President if it is requested.

U.S. Minerals Position

Before discussing the implications of dependence, I would like to place our minerals situation in perspective. According to recent estimates by the Bureau of Mines, in 1980 the United States imported $5 billion worth of mineral raw materials, while domestic mineral raw materials production was valued at $25 billion and exports were valued at $6 billion. Thus we imported 21% of our basic raw material requirements in value terms and were net exporters. Our European allies imported about 80% of their needs, and Japan imported around 95% of its requirements.

Domestic and imported mineral raw materials plus reclaimed materials were used to produce processed materials of mineral origin valued at $240 billion. In addition, the United States imported $25 billion worth of processed materials. On the other hand, exports of processed materials of mineral origin were valued at $23 billion. Thus, the United States had a trade deficit of about $1 billion overall in the mineral and mineral materials area in 1980.

Dependence and Vulnerability

While the aggregate situation is quite favorable, there are some materials where dependence is very high. The Bureau of Mines reported 19 minerals and metals with import-consumption ratios of 50% or more in 1979, and for 10 of those materials the ratio was 90% or higher. Nevertheless, this dependence does not necessarily translate into vulnerability.

Given current materials use patterns and the geological occurrence of minerals, autarky in minerals supply is clearly unachievable for the United States. However, there are means of reducing the risks of dependency, even when the degree of dependency is high.

One means of risk reduction is dependence on a stable source of supply. Here the United States is fortunate in that Canada is our largest supplier of mineral raw materials and processed materials of mineral origin, accounting for nearly 25% of total imports. Canada is our major import source for asbestos, gold, iron ore, nickel, potash, tungsten, and zinc. Except for iron ore, our import dependence for these materials exceeds 50%. Australia and Mexico are also significant supply sources for the United States.

Another method is to spread the risks through diversification of supply sources. Some examples in this category are bauxite and alumina, cadmium, mercury, and tungsten. In 1979 we imported bauxite and alumina from more than 10 countries, cadmium from 19 countries, mercury from 9 countries, and our tungsten imports came from 20 countries.

The U.S. Government holds excess stocks of some materials which could provide alternative supplies should normal supplies be disrupted. For example, the national defense stockpile contains inventories exceeding the established goals for industrial diamonds, mica, quartz, silver, tin, and tungsten. There are also materials that are excess to programs of U.S. Government agencies which may be sold by the General Services Administration, such as mercury and lithium hydroxide from Department of Energy stocks.

Minerals Supply

I would like to discuss two separate issues in the context of minerals supply – supply disruptions and adequate investment to insure future supplies. In relation to this second issue I would also like to comment briefly on the seabed as a future source of minerals supply.

Situations that might cause interruptions in supply include civil disorder, strikes, unilateral political actions, regional hostilities, and natural disasters. A supply disruption is most serious when it affects a major supplier of a mineral for which we are vulnerable due to high import dependence and a small number of suppliers.

Q. The spokesman yesterday expressed a great deal of concern about it at the State Department.

A. I think the individual concerned has every right to express his views, and we have every right to assess those views as we have and to take appropriate action with respect to them which we have.

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[1] Press release 55 of Mar. 3, 1981. ■

Secretary Haig Meets With West German Foreign Minister

JOINT STATEMENT, MAR. 9, 1981

Foreign Minister Genscher and Secretary of State Haig met on March 9, 1981, in Washington for extensive talks on questions of common interest.

In the evaluation of the international situation, their talks revealed full agreement on the key issues which their countries jointly face. They underlined the common destiny of the European and American democracies. The United States continues to support the process of European unification. They agreed on the need of intensive and enhanced allied consultations on a bilateral and multilateral basis.

Secretary Haig and Foreign Minister Genscher agreed that the close and trusting relationship between the United States and the Federal Republic of Germany is an essential and reliable factor in international stability and in Western security. They consider the North Atlantic alliance as the basis of the common security of their countries. The stabilization of East-West relations, the preservation of peace, the maintenance and restoration, where necessary, of the military balance depend on alliance cohesion. The Government of the Federal Republic of Germany appreciates the great efforts undertaken by the American Administration for the common security and common interest.

Secretary Haig recognized the crucial German contribution to Western defense, including the continuing German role in mobilizing essential international support for Turkey.

NATO security must be based on an equitable sharing of the defense burden. Economic stability and social justice are preconditions enabling allied countries to maintain their defense capability.

Foreign Minister Genscher stated that the Government of the Federal Republic of Germany takes a positive view of the host-nation-support concept. Foreign Minister Genscher expressed appreciation for the U.S. contribution to the safeguarding of Western interests.

Both ministers agreed that meaningful and verifiable arms control agreements are an important element of security policy. The United States and the Federal Republic of Germany support both tracks of the December 12, 1979, NATO decision on theater nuclear forces (TNF). Minister Genscher welcomed Secretary Haig's assurances that the United States intended to continue close consultations with its allies on the implementation of both tracks of the December 1979 decision. Foreign Minister Genscher welcomed the intention of the United States to propose an early meeting of the special consultative group.

Both governments agree that the U.S.-Soviet talks on the limitation of TNF should be continued. Soviet superiority in the long-range TNF area continues to grow and thereby creates a great obstacle to arms control agreement; Soviet proposals for a moratorium which would serve to legitimize this superiority are totally unacceptable.

Soviet acceptance of the view that a Conference on Disarmament in Europe must consider confidence-building measures covering all of Europe from the Atlantic to the Urals, in line with the French proposal for such a conference, is a positive development and may lead to progress in the discussions in Madrid.

The two ministers support a balanced outcome of the current CSCE [Conference on Security and Cooperation in Europe] review conference, including progress on the important humanitarian aspects of East-West relations.

Secretary Haig explained the ongoing review of U.S. policy on SALT. Minister Genscher expressed again the Federal Government's support for the SALT process as a contribution to the military balance and Western security.

Relations with the Soviet Union must be based on realism and, as expressed in the U.S.-Soviet declaration of 1972, on mutual restraint. Soviet efforts at expanding their influence and destabilizing other areas have cast a deep shadow on East-West relations in Europe. The indivisibility of international peace and security requires respect for the principle of non-use of force, of the political independence of states, and self-determination of peoples. These principles are laid down in the U.N. Charter and the Final Act of Helsinki.

The two ministers had an exchange of views on the recent message of General Secretary Brezhnev. Foreign Minister Genscher expressed a positive view on the idea of properly prepared U.S.-Soviet summit trusting that, until such a meeting will come about, no events will occur that might impair its purpose.

Poland must be allowed to solve its problems peacefully and without external pressure. Any intervention would fundamentally change the entire international situation. The United States and the Federal Republic of Germany will, with other Western countries, consider further contributions to Poland's economic and financial stability.

Both ministers agreed that it is of particular importance that the calm situation in and around Berlin, which is of crucial significance for European security, East-West relations, and the international situation as a whole, be maintained. Secretary Haig reaffirmed the indissoluble U.S. commitment to the security and welfare of Berlin.

Both ministers agreed that recent events in Spain demonstrate the strength of Spain's democratic institutions and expressed their full confidence in Spain's future course.

Both ministers support genuine nonalignment and self-determination. Strengthening the economies of the developing countries plays an important role in increasing stability and preserving their independence. Effective international discussions can also make a valuable contribution to these goals. Foreign Minister Genscher referred to the Vienna meeting of Foreign Ministers to prepare the North-South summit in Mexico.

Both ministers condemn external intervention in the affairs of nonaligned countries, in particular Afghanistan, where the decisions of the 26th Soviet Party Congress gave no hints of a willingness to find a peaceful solution to that crisis based on the withdrawal of Soviet troops in conformity with U.N. and nonaligned resolutions.

Political and economic stability of countries in the region immediately affected by the Soviet occupation of Afghanistan is of great importance in order to allow them to continue to play their role in solving the crisis. Secretary Haig recognized in particular the importance of German economic aid to Pakistan. The American contribution is still under review.

On the Middle East, the United States and the Federal Republic of Germany, within the framework of European political cooperation, will continue to work for a peaceful settlement. The ministers agreed that their efforts are complementary.

An internationally acceptable peaceful settlement in Namibia is in the interest of stability in southern Africa. U.S. policy in this area is still under review.

Current developments in Central America are a cause of great concern, and the two ministers condemn the interference by Communist countries in the internal affairs of El Salvador, in particular through the clandestine supply of arms.

The decision of President Duarte to institute a process leading toward elections and a continuation of reforms establishing political stability through social justice in that country should be supported. Both ministers appealed to the democratic forces in El Salvador to cooperate to achieve these goals. ■

Spanish Coup Attempt

DEPARTMENT STATEMENT, FEB. 24, 1981[1]

Over the past 24 hours, we have followed the events in Spain with great interest and attention. We note that the challenge to Spanish democracy was limited to a small number of people. The overwhelming majority of the armed forces and the Spanish people remained loyal to the King and to the constitution. Like all friends of that country, we join in expressing our congratulations on the successful resolution of the crisis and on the strength shown by the institutions and leaders of Spain's new democracy. The role and leadership of King Juan Carlos were clearly instrumental in ending the crisis and deserve particular admiration.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

CSCE Addresses Subject of Terrorism

by Max M. Kampelman

Statement made in a plenary session of the Conference on Security and Cooperation in Europe (CSCE) in Madrid on February 9, 1981. Ambassador Kampelman is chairman of the U.S. delegation.

On Friday I stated our delegation's support for RM. 14, the proposal on terrorism submitted by the Spanish delegation, and I stated our intent to discuss the subject in greater detail as an indication of my government's serious concern about the problem it addresses.

Terrorism as a political instrument is a blight on our standards of civilized political behavior. Its immorality cannot be justified. It has become a serious phenomenon and is a threat to the very basis of individual and institutional security in modern life. It has become a tool for irresponsible fanatical groups whose object is to use cruelty and violence to impose their will upon individuals, institutions, and societies whom they could not otherwise influence or persuade.

There was a time when terrorism was limited to individual acts by desperate and frequently depraved minds. The terrorist was sometimes looked upon as a person in the grip of passion. It was all too common to think of him as a romantic individualist, acting alone. And there was a time when we could properly seek to contain terrorism within national borders. It has become increasingly clear, however, that most terrorists today belong to disciplined groups, cynically employing terrorism as an instrument of policy. Today it is well organized and well financed. And the terrorist is not confined by national boundaries, indeed, all too often he is able to flee across borders for refuge. Terrorism has become international in scope. As such it is real and terrifying and dangerous to us all, and there is every reason to believe that its most extreme manifestations are yet to be experienced.

We must all recognize that the danger of international terrorism is among the most serious of all the problems on the international agenda facing us here at Madrid. None of us is safe from it. No social, economic, or political system and no nationality group is immune from its destructive impact. Few of us have not been affected by its violence and cruelty. It undermines national and international stability, and stability is the basis for peace and understanding among us.

Terrorism does not favor a particular ideology. It is not a friend of one side or another. It knows no boundaries, and it respects no values. No nation is sacrosanct. It can be practiced, and rationalized, by all races, creeds, and faiths. It is self-perpetuating, with incident breeding incident and violence breeding violence. Indeed, terrorists often seek to provoke a response in the hope that the response itself will undermine the stability they seek to destroy.

Terrorism is a tactic of those who have neither the humanity nor the tolerance nor the understanding to seek solutions through the established institutions which form the basis for stable civilized relations among nations and among peoples.

Terrorism must be opposed by nations and by peoples if they have any commitment to decency and certainly if they have any concern for the stability of their own societies. The task of defeating international terrorism requires an international effort. RM. 14 is an important step in that direction. It calls for our support.

Today's advocate of terrorism, I respectfully warn, can easily become tomorrow's victim. It is gruesomely impartial in effect, striking its victims indiscriminately. It most often strikes at the innocent – the bus filled with tourists, the passerby in the park, the shopper in the market. It seeks to intimidate and brutalize, and all of us, literally and figuratively, are its potential victims.

The terrorist feeds on silence, ignorance, psychological indulgence, expediency, and the cynicism of those who would foolishly and for shortsighted purposes look the other way. No apologies or excuses for terrorism can make less abhorrent the facts which they ultimately encourage. No justification can be accepted for policies which, for whatever reason – "national liberation" or any other political rationalization – provide encour-

Review of El Salvador

by Walter J. Stoessel, Jr.

Statement before the Senate Foreign Relations Committee on March 19, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.[1]

I welcome this opportunity to review and discuss with you the measures this Administration is taking with regard to El Salvador. I will summarize their main elements and the rationale for them.

Our actions with regard to El Salvador have as their goal the reduction of violence and instability in order to facilitate a peaceful transition to an elected government. This is the goal of the Salvadoran people and of their current government, headed by Christian Democratic President Jose Napoleon Duarte, which we strongly support. Having already promulgated a far-reaching agrarian reform and changes in the banking system and export trade, the government last week moved the country closer to elections when President Duarte appointed an electoral commission.

These important reforms will contribute to the reduction of violence and political instability in the longer term. In the short term, however, some landowners availed themselves of traditional ties to local security forces, while Cuban-supported guerrillas attempted to exploit popular resentment of past authorities. Both these extremes sought to undermine the reforms through violence but for different reasons. The landowners wished to restore the status quo ante; the guerrillas saw that reforms were winning away their popular support and recruitment base.

In recent months, our understanding of the situation in El Salvador has changed with the discovery that large quantities of arms and munitions were being supplied to the guerrillas. Last summer and fall, far away Vietnam, Ethiopia, and some Eastern European countries joined Cuba to take the initiative to transform an essentially domestic conflict in Central America into an international confrontation. These outside efforts to impose an unpopular military solution proved unacceptable to the Salvadoran people, who rejected the guerrillas' appeals for support. The Carter Administration acted once it acquired the evidence. We have done likewise.

The United States cannot stand idly by while a reformist government comes under attack by externally advised and armed guerrilla groups that lack popular support. If we fail to make clear that the external encouragement of violence and instability in El Salvador will have serious costs, we insure that other countries seeking domestic solutions to domestic problems will find their efforts thwarted by guerrilla groups advised and armed from abroad. In turn, our failure to respond adequately to externally supported attempts to overthrow governments committed to reforms and to electoral solutions would cause other friendly countries to doubt our ability to help them resist assaults on their sovereignty.

Economic Aid

While the guerrillas in El Salvador are externally supported, they also feed on domestic ills. These include years of repressive and unresponsive governments and inequitable distribution of resources and life opportunities. For this reason, the major emphasis of our assistance program for El Salvador is economic rather than military. The Government of El Salvador welcomes this emphasis. Since October 1979, Salvadoran authorities have been committed to leading their country to democracy. To that end, the Duarte government is today working to carry out basic economic reforms.

We strongly support these efforts, financially as well as morally. On the economic front, we provided roughly $58.8 million in FY 1980 for the government's reforms and its programs for the most needy. The Carter Administration had planned to provide about $63 million in FY 1981 to create jobs through public works, to feed the hungry, and to improve health, education, and housing.

An intensive interagency study has now concluded that additional economic aid to El Salvador will be necessary. We will be consulting further with the Congress on this. At this point, it appears likely that additional assistance in the range of $60 million will be needed this year. At that level, economic assistance would be more than three times larger than our military assistance. For FY 1982, we will request the Congress to make available between $80–$100 million in economic assistance to insure the continued viability of the reform process.

Our aid is designed to help the Duarte government eradicate the chronic social and economic ills that have fostered unrest. El Salvador's needs are enormous and pressing. We hope that our allies and other friendly countries – many of which have themselves urged that socioeconomic needs not be neglected – will go beyond exhortations and join us in providing economic assistance to El Salvador. The general climate of violence and the guerrillas' purposeful destruction of foodstuffs, electrical installations, communications lines, vehicles, and roads have cut deeply into El Salvador's production and growth. The suffering of the Salvadoran people in this chaotic situation requires a compassionate response from us and from all civilized nations.

Security Assistance

Now let me address our security assistance efforts. We are providing the necessary military assistance to the Duarte government in its battle against the externally supported guerrillas. Let me assure you that we are doing this with the greatest prudence and caution and with the lessons of the past very much in mind. El Salvador is not another Vietnam. Our objectives are limited: to help the government with its problems of training, equipment repair and maintenance, mobility, and resupply. Let me quickly review our assistance effort to date.

Prior to January 16 of this year, the Carter Administration had confined defense aid to El Salvador to nonlethal equipment like trucks and radios. It also had provided training for selected Salvadoran officers and had sent a number of training teams to El Salvador. On January 16, after a week of hard fighting initiated by the guerrillas with the aid of externally supplied arms and munitions, President Carter authorized the provision to El Salvador of some arms and munitions—the first such U.S. shipments since 1977—to replace some of the stocks depleted during the guerrilla offensive. President Carter also provided six helicopters and sent a dozen U.S. military technicians to train Salvadoran helicopter pilots and maintenance specialists.

Since taking office, the Reagan Administration has carefully reviewed and assessed the needs of the Salvadoran Armed Forces in consultation with President Duarte and his government. We have made a grant of articles and services valued at $20 million and have notified Congress of our intent to reprogram $5 million in additional foreign military sales (FMS) loan guarantees. This additional assistance includes sending a small number of personnel on temporary duty to help train the Salvadoran Army and Navy. One six-man team will help with repair of ships and ship-board equipment for coastal patrols; five men have been added to an operations-planning assistance team in El Salvador since January; five will supplement the U.S. military group in its largely administrative duties; and three teams of five men each will help provide in-garrison training for the Salvadorans' new quick reaction force.

These additional training specialists will bring the total number of U.S. military personnel working with Salvadoran forces to 54. Although in a country torn by violence no place is totally safe, all U.S. trainers will work in some of the safest places in El Salvador: military garrisons and regional command centers. For FY 1982, we are requesting $25 million in FMS financing for purchase of weapons and military equipment and $1 million for the international military education and training program. Additional grant military assistance is not contemplated at this time.

We believe that the level of security assistance we are providing is commensurate with the need; it responds in every instance to the Duarte government's requests. While the January offensive was successfully repelled, the guerrillas continued to pose a serious military threat. Estimates of the number of guerrillas are around 4,000 with approximately 5,000 irregulars. The regular Salvadoran Armed Forces—the recipients of our security assistance—total about 9,000. Various police or constabulary forces have a similar combined strength.

It has been alleged that our support goes beyond minimum requirements, that the armed forces of President Duarte are successfully defeating the guerrillas and hence that no further U.S. assistance is called for. Experience has shown, however, that for our support to be credible, it must respond not only to the present situation but to the potential of the other side to create further violence. It takes time for new equipment to be absorbed and training to take effect. We must anticipate future needs rather than being merely reactive. There is, thus, an element of deterrence built into the level of our total support.

In giving military help to El Salvador, we are most mindful of our obligations to you under the terms of the war powers resolution. The activities assigned to our military personnel in El Salvador do not call for them to "command, coordinate, participate in the movement of, or accompany" Salvadoran forces at any time or place where involvement in hostilities is imminent. The U.S. personnel are specifically instructed to avoid situations of potential hostilities, and our assessment of the risk at the locations where they will be assigned is that there is no imminent likelihood of hostilities involving these U.S. personnel. The assignment of our training personnel to El Salvador is not, in our view, an introduction of "United States Armed Forces into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances"—the standard of the war powers resolution. We will seek to keep the Congress fully informed of the circumstances in El Salvador affecting the safety of U.S. personnel, and, I repeat, we will always consult with you on U.S. assistance to El Salvador.

Commitment to a Peaceful Outcome

Our economic and military assistance are both important for an eventual political resolution of the conflict in El Salvador. A peaceful outcome will require both greater social justice and greater stability under the law. To this end, we continue to impress upon the government the importance of finding and bringing to justice the murderers of the four American church women and two AIFLD [American Institute of Free Labor Development] agrarian reform specialists.

We also support President Duarte's offers to discuss with opposition leaders and with business, labor, and church groups within El Salvador what structures and guarantees will best insure open elections next year. We cannot, of course, participate directly in any negotiation process that would compromise the sovereignty of El Salvador and the right of its government to negotiate on its own behalf. We are strongly committed, however, to a peaceful transition to an elected government and oppose any and all attempts to deprive the Salvadoran people of their right to elect a government of their own choosing. We firmly oppose any kind of coup against the centrist government.

In our view, the Duarte government provides the best opportunity for a transition to a political system that will offer the Salvadoran people some measure of control over the decisions that affect their lives. We support it for that reason. In El Salvador, as in any country, we have to deal with the political possibilities as they exist now. There are three alternatives in El Salvador today—the forces of the extreme right, the forces of the extreme left, and the present government. Of these, the Duarte government is the only one that promises to lead a transition to full constitutional order.

Should it come to power, the extreme left would probably create a government modeled, like Cuba's, on that of the Soviet Union. Such governments can vary among themselves, but we do know from history that they have an unusual ability to establish a rigid grip. To passively accept a Cuban-coordinated attempt to impose their kind of political order by force of arms would be to close off all but one narrow path for the future development of the Salvadoran people. This is what we want to help prevent.

In summary, we believe the measured steps we have taken and have proposed are reasonable and responsible. They are carefully designed to contribute to a lessening of the violence and instability that threaten the social and political reforms the Duarte government has courageously undertaken. I hope that we will have the support of the Congress, and of this committee, as we proceed to develop U.S. policy toward El Salvador and the region.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Our deep and longtime bilateral economic interests lead me to depart from the norm today and to give to you a report on America's progress toward economic recovery.

Five weeks ago, I reported to the American people that the U.S. economy faced the worst economic mess since the great worldwide depression. We're a proud people, but we're also realists. The time has come for us to face up to what I described as a potential economic calamity.

I raise this issue today because America holds a genuine belief in its obligation to consult with its friends and neighbors. The economic actions that we take affect not just us alone but the relationships across our borders as well.

As we examined America's economic illness, we isolated a number of contributing factors. Our Federal Government has grown explosively in a very short period of time. We found that there had grown up a maze of stifling regulations which began to crush initiative and deaden the dynamic industrial innovation which brought us to where we are. We saw unbelievable deficits—this year alone reaching up to nearly $80 billion, including off-budget items. And we found that these deficits got in no one's way, because the government found it easy to fuel inflation by printing more money just to make up the difference.

The American taxing structure, the purpose of which was to serve the people, began instead to serve the insatiable appetite of government. If you will forgive me, you know someone has once likened government to a baby. It is an alimentary canal with an appetite at one end and no sense of responsibility at the other. [Laughter] But our citizens were being thrown into higher tax brackets for simply trying to keep pace with inflation. In just the last 5 years, Federal personal taxes for the average American household have increased 58%. The results: crippling inflation, interest rates which went above 20%, a national debt approaching a trillion dollars, nearly 8 million people out of work, and a steady 3-year decline in productivity.

We decided not just to complain but to act. In a series of messages and actions, we have begun the slow process of stopping the assault on the American economy and returning to the strong and steady prosperity that we once enjoyed. It's very important for us to have friends and partners know and understand what we're doing. Let me be blunt and honest. The United States in the last few years has not been as solid and stable an ally and trading partner as it should be. How can we expect certain things of our friends if we don't have our own house in order?

Americans are uniting now as they always have in times of adversity. I have found there is a wellspring of spirit and faith in my country which will drive us forward to gain control of our lives and restore strength and vitality to our economic system. But we act not just for ourselves but to enhance our relationships with those we respect.

First, we're taking near revolutionary steps to cut back the growth in Federal spending in the United States. We're proposing that instead of having our national budget grow at the unacceptable rate of 14% per year, it should rise at a more sensible 6%. This enables us to maintain the kind of growth we need to protect those in our society who are truly dependent on government services.

Just yesterday, I submitted our proposed budget for the coming year—and then immediately crossed the border. [Laughter]

With extraordinary effort, we've isolated some 83 items for major savings and hundreds more for smaller savings, which together amount to $48.6 billion in the coming fiscal year. Our second proposal is a 10% cut across-the-board every year for 3 years in the tax rates for all individual income taxpayers, making a total cut in tax rates of 30%. This will leave our taxpayers with $500 billion more in their pockets over the next 5 years and create dramatic new incentives to boost productivity and fight inflation. When these personal cuts are combined with tax cuts to provide our business and industry with new capital for innovation and growth, we will be creating millions of new jobs, many of them ultimately on your side of the border.

Our third proposal is to eliminate those unproductive and unnecessary regulations which have slowed down our growth and added to our inflationary burdens. We shall do this with care, while still safeguarding the health and safety of the American people and, I might add, while mindful of our responsibility to have equal regard for the health and safety of our neighbors.

Finally, we'll be working closely with our Federal Reserve System to achieve stable and moderate growth patterns in our money supply.

As I said, America's program for economic recovery is designed not merely to solve an internal problem; it is viewed by my Administration as part of an essential effort to restore the confidence of our friends and allies in what we're doing. When we gain control of our inflation, we can once again contribute more helpfully to the health of the world economy. We believe that confidence will rise, interest rates will decline, and investment will increase. As our inflation is reduced, your citizens and other world citizens will have to import less inflation from us.

As we begin to expand our economy once again and as our people begin to keep more control of their own money, we'll be better trading partners. Our growth will help fuel the steady prosperity of our friends. The control we regain over our tax and regulatory structures will have the effect of restoring steady growth in U.S. productivity. Our goods will go into markets not laden down with the drag of regulatory baggage or punitive levies but with a competitive edge that helps us and those who trade with us.

Such new, sustained prosperity in an era of reduced inflation will also serve worldwide to help all of us resist protectionist impulses. We want open markets. We want to promote lower costs globally. We want to increase living standards throughout the world. And that's why we're working so hard to bring about this economic renewal.

There are, of course, other very important reasons for us to restore our economic vitality. Beyond our shores and across this troubled globe, the good word of the United States and its ability to remain stable and dependable rely in good part on our having a stable and dependable economy. Projecting solid internal strengths is essential to the West's ability to maintain peace and security in the world. Thus, our national interests, our bilateral interests, and our hemispheric interests are profoundly involved in truly international questions. That's why we must act now, why we can no longer be complacent about the consequences of economic deterioration. We've entered an era which commands the alliance to restore its leadership in the world. And before we can be strong in the world, we must be once again strong at home.

Our friend, our ally, our partner, and our neighbor, Canada, and the United States have always worked together to build a world with peace and stability, a world of freedom and dignity for all people.

With our other friends, we must embark with great spirit and commitment on the path toward unity and strength. On this side of the Atlantic, we must stand together for the integrity of our hemisphere, for the inviolability of its nations, for its defense against imported terrorism, and for the rights of all our citizens to be free from the provocations triggered from outside our sphere for malevolent purposes. Across the oceans, we stand together against the unacceptable Soviet invasion into Afghanistan and against continued Soviet adventurism across the Earth. And toward the oppressed and dispirited people of all nations, we stand together as friends ready to extend a helping hand.

I say to you, our Canadian friends, and to all nations which will stand with us for the cause of freedom: Our mission is more than simply making do in an untidy world. Our mission is what it has always been—to lift the world's dreams beyond the short limits of our sights and to the far edges of our best hopes.

This will not be an era of losing liberty; it shall be one of gaining it. This will not be an era of economic pessimism, of restraint, and retrenchment; it will be one of restoration, growth, and expanding opportunities for all men and women. And we will not be here merely to survive, we will be here, in William Faulkner's words, to prevail, to regain our destiny and our mutual honor.

Sometimes it seems that because of our comfortable relationship, we dwell perhaps a bit too much on our differences. I, too, have referred to the fact that we do not agree on all issues. We share so many things with each other; yet, for good reasons, we insist on being different to retain our separate identities.

This captured the imagination of Ernest Hemingway when he worked as a writer for the Toronto *Star Weekly* in 1922. Hemingway was traveling in Switzerland, and he noted that the Swiss made no distinction between Canadians and citizens of the United States. And he wondered about this, and he asked a hotelkeeper if he didn't notice any difference between the people from the two countries. "Monsieur," he said to Hemingway, "Canadians speak English and always stay 2 days longer at any place than Americans do." [Laughter] As you know, I shall be returning to Ottawa in July, and if you don't mind, I'll plan to stay as long as everyone else. [Applause]

I'm not here today to dwell on our differences. When President Eisenhower spoke from this spot in 1953, he noted his gratitude as Allied Commander in World War II for the Canadian contribution to the liberation of the Mediterranean. This touched my curiosity, and even though I'd participated in that war myself, I did a little research.

In the Second World War, there was something called the 1st Special Service Force, a unique international undertaking at the time. This force was composed of Canadians and Americans, distributed equally throughout its ranks, carrying the flags of both nations. They served under a joint command, were taught a hybrid close-order drill, and trained together as paratroopers, demolition experts, ski troops, and then as an amphibious unit.

The 1st Special Service Force became famous for its high morale, its rugged abilities, and tough fighting in situations where such reputations were hard-earned. Alerted to their availability, Gen. Eisenhower requested them for special reconnaissance and raiding operations during the winter advance up the Italian Peninsula. They were involved in the Anzio beachhead campaign in Italy and were at the spearhead of the forces that captured Rome. The 1st Special Service Force made no distinctions when it went into battle. Its men had the common cause of freedom at their side and the common denominator of courage in their hearts. They were neither Canadian nor American. They were, in Gen. Eisenhower's term, liberators.

Let's speak no more of differences today. Certainly, your Ambassador, Ken Taylor, didn't when he first sheltered and then spirited six Americans out of the center of Tehran and brought them to their freedom. Their daring escape worked not because of our differences but because of our shared likenesses.

President Reagan addresses a joint session of the Canadian Parliament. Seated in the front row are Secretary Haig, Secretary of State for External Affairs MacGuigan, Mrs. Reagan, and Prime Minister Trudeau.

(White House photo by Michael Evans)

Q. What does that mean? Does that mean that you are not ready or you are not in a hurry?

A. It means we are not in a hurry for summitry, *per se.* We do anticipate and would strongly encourage a dialogue between ourselves and the Soviet Union which I hope will be rapidly forthcoming.

Q. Is it possible that it will take place before the end of the year?

A. I think it's inevitably self-defeating to set deadlines for such important and momentous occasions. I do not have any particular set of deadlines; I do not believe Mr. Reagan would have any. We feel that there are many important differences. As you mentioned, we have touched upon some of those differences in the first 3 weeks of this Administration.

Q. Would this come down to a *tete-a-tete* between the Soviet Union and the United States or do you think other world leaders might join in?

A. Again, I don't want to prejudge the venues, the structure of future talks. I do believe these are matters that should be discussed between alliance partners, Atlantic community partners, those of us who share common values. And that is another aspect of this Administration's foreign policy, and I think it is vitally important. We intend and will proceed with very detailed and intimate consultations with our partners.

Q. Let's come to Poland. Do you fear military intervention on the part of the U.S.S.R., and what might you be able to do concretely to prevent such military intervention?

A. Here again, it's been my experience that too much public airing of contingency action sometimes precludes one's ability to execute those actions if confronted with the fact.

I would like to say that I neither think that Soviet interventionism in the internal affairs of Poland is imminent nor inevitable, not at all. I think it is vitally important that this difficult and anguishing situation be left for the Polish people themselves to work out and, hopefully, that process will be through peaceful due process.

Q. That would be in the best of all possible cases that the Poles would be able to solve their own problems. But what we have understood from Mr. Brezhnev's text today is how important the Soviet Union considers Poland to be. Therefore, the Poles will not solve their problems all by themselves.

A. I think, clearly, this is an anguishing problem for the Soviet leadership, an extremely important one. If you care to have me reiterate the proclamations made by the NATO family of nations or other proclamations that have been made unilaterally by all our member states and to underline the gravity with which we would view a Soviet interventionism, or an indirect interventionism, into the internal affairs of the Polish people, I'm happy to do so. It would have very, very significant and very lasting consequences for whatever hopes we may have for an improving East-West dialogue.

Q. If that did happen, what reprisals would the United States take?

A. I think this, again, is a matter not for public rhetoric. It is a matter for coordinated consultation among all of the Western states which I would hope would be in total concert with respect to reaction to Soviet interventionism. And I'm happy to say that consultation has occurred in the NATO family and also in a bilateral and multilateral sense.

Q. Do you think it will have to be a simultaneous reaction or a collective reaction on the part of the West if such military intervention were to take place in Poland?

A. I think both. We would hope for simultaneity in certain Western reactions, but we also benefit from the individual character of each of our member states' own national contributions to any international problem. So I would say the answer is both.

Q. How do you define the present situation? Do you think it is just one more crisis—a simple crisis between East and West—or do you think it is the end of the period we have come to call detente as far as you are concerned?

A. I don't like to characterize this particular event, which was not necessarily a set of circumstances wished for by either the East or the West. That's clear. I do not like to indulge in value judgments on détente *per se.* It's clear that recent history suggests that the interpretation of detente between the two sides has left some profound differences. So I like to talk about a new era in which we seek an East-West relationship which is premised and built around reciprocity, restraint, and a clear underpinning on the part of the West of a background of appropriate military capability to underline this relationship.

Q. Do you think that detente has really rebounded to the benefit of the Soviets over the last few years?

A. There again, I think it isn't a question of maintaining a tactical scoreboard. I do think that the duality of responsibility encompassed in the phrase detente would suggest that the Soviet Union has been engaged in a period of excess and dangerous risk-taking to unprecedented historic interventionisms in areas outside the normal sphere of Soviet influence—in Africa, the two Yemens, in Afghanistan, clearly in Southeast Asia, in Kampuchea. And as you know, we are today gravely concerned about at least Soviet support for Cuban interventionism in this hemisphere.

Q. Do you have proof which you consider to be irrefutable regarding Communist military assistance to the leftist guerrillas in El Salvador?

A. There can be no question about this. We have today released some of the documented evidence which supports the characterization that you yourself gave it—irrefutable. There is no question about that.

Q. If this aid continues—if we understand correctly what we have been hearing from the United States—you are ready to go as far as instituting a blockade against Cuba? That has been said.

A. I think again—and I'm sure you are referring to Mr. Meese's [Edwin Meese III, Counselor to the President] interview yesterday—

Q. Yes, yes.

A. —in which he did not preclude that action, together with a whole array of other political, economical, and security-related steps which the United States could take. I don't want to contribute to any premature raising of tensions with respect to this but to merely underline the fact that the United States considers this an unacceptable code of conduct in this hemisphere as we do in Africa and elsewhere, and that clearly, the time has come for a better understanding of what the acceptable standards of international behavior are to be in the period ahead if we are to ease tensions between East and West and achieve a desirable atmosphere of international stability.

The belief – the increasing belief – that desirable and social historic change can be accomplished by rule of force from external sources is clearly not compatible with the kind of world that I know Mr. Reagan and I know our Western European partners so earnestly hope for.

Q. Do you think that all of these sorts of problems reflecting situations involving inequalities and a lack of social justice, all of these might be solved by force? And don't you think by this kind of policy you are precipitating certain countries into despair and into the arms of those you wish to combat?

A. There are two questions here. First, I think it is clear that the era of Western colonialism or imperialism, which is associated with the language you put forth, is over. And I know that we Americans are at the forefront – the vanguard, if you will – of those who are seeking to promote social justice in a developing world. But I do not believe that social justice can be achieved by external intervention and by, perhaps, the substitution of totalitarian, Marxist regimes for undesirable authoritarian regimes, for example. That neither serves the purpose of social justice nor does it meet the vital objectives of the Western world.

Q. But, concretely, doesn't this reasoning lead you to supporting dictatorial regimes in Central and South America?

A. I think clearly that has not and must not be the case. But you know, one establishes a dialogue with historic friends outside the glare of public bludgeoning, if you will, in an atmosphere of normal relationships, not by the creation of paranoia or the substitution of normal relationships for public condemnation and criticism, which makes incumbent leaders less able to deal constructively with the movement toward pluralistic structures that we all seek and the achievements in the human rights area, which is so vitally important to all of us.

Q. For you, El Salvador is the test, then, of the good conduct of the Communist countries. Is that it?

A. No, I wouldn't portray it as a test at all. I would portray it as another manifestation in a very critical area at the doorstep of the United States. The situation itself, the dynamics of that situation, are such that it makes it very fragile and, therefore, very time-urgent.

But I would view the illegal interventionism of the Soviet Union or their proxies – forces that they have funded, trained, and transported to target areas, whether it be in Africa or Southeast Asia or in Europe proper – to be unacceptable to the standards we hope to achieve in a peaceful, stabilized, thriving world.

Q. You are denouncing interventionism of the Soviet Union and their interference in certain countries. Aren't you about to do the same thing as you undertake to prevent attempts to take power in El Salvador? Aren't you promising to engage in your own kind of interventionism?

A. I think this is an important question, and again, I think the facts have to be maintained in the vision of your viewers.

As you know, there has just recently been concluded a major offensive by the so-called liberation forces in El Salvador. Prior to that time, and only in the last days of the Carter Administration, did the United States provide any military equipment to the Government of El Salvador, and that occurred at a time when they were racked in the final phases of the Cuban-sponsored and -supported offensive. So I do not believe that such a charge is either appropriate or correct.

I would also like to emphasize that it is not our intention in El Salvador to engage ourselves along the model of Southeast Asia. As we have said repeatedly, the problem must be dealt with at the source, and in this instance, clearly it's Cuba.

Q. What do you intend to do to see to it that the present situation in Afghanistan does not become a *fait accompli*?

A. This is a very important challenge facing the Western world, and probably the Soviet leadership as well. As you know, this was an unprecedented extension of direct Soviet military involvement outside their historic sphere of influence. It is unacceptable, and it would be my hope that the Soviet leadership would soon disengage itself from its involvement and return Afghanistan to a neutral or nonaligned status.

Q. Would they suddenly become a lot nicer?

A. Do you mean, do I anticipate a Soviet leadership that has, by philosophic conviction, engaged in these activities historically, although usually within a far more constrained set of tactics, that we are going to recreate the Soviet Union in our own image? No, I don't expect so, and I don't believe that's necessary for East and West to manage their affairs in more constructive ways.

Q. But you are not making Afghanistan a prior condition for improving relations with the U.S.S.R.? What do you ask of Moscow, concretely, in addition to renouncing what it is doing in Afghanistan?

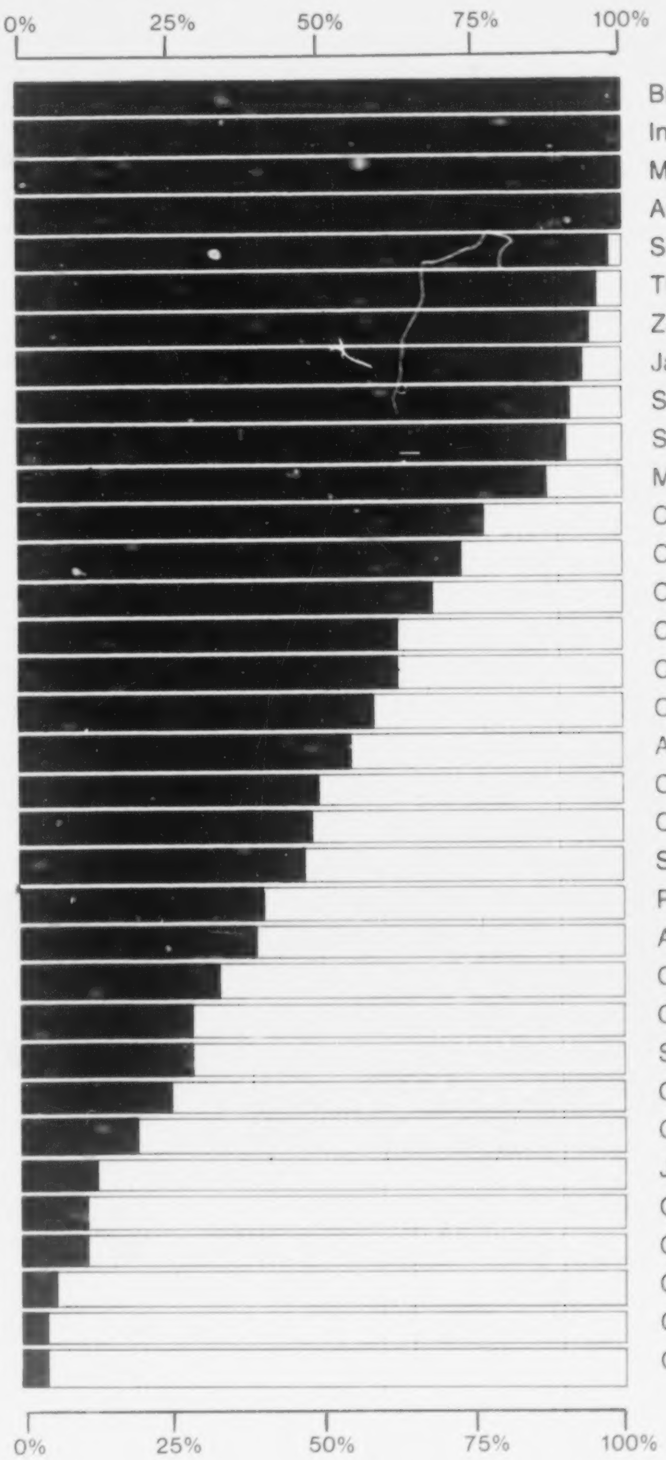
A. I don't make it a habit of conducting my diplomacy through third parties, and I'm not going to do it this afternoon. But I think the rigid scorekeeping chart for improving East-West relations is not what the concept of linkage is all about. On the other hand, it's clear that overall East-West relationships, progress in various functional areas, including arms control, credits, trade, technology transfer, must be governed by the overall conduct of the Soviet Union in the international family of nations. And I would say that there is room for substantial improvement in that overall conduct, not with specific ultimata on one or another area, but I think this is a complex matter that statesmen can judge with clarity and, hopefully, with a constructive outcome.

Q. Leonid Brezhnev, in connection with the intermediate range missiles in Europe, the ones with which the U.S.S.R. can reach Europe, he is suggesting a moratorium. They would stop the deployment of the SS-20s, and you would not deploy the Pershing IIs. Is that an acceptable idea to you?

A. I noted that, and that is part of the interest that I expressed earlier. It's rather remarkable that such a proposal would be put forward after the Soviet Union has deployed literally hundreds of SS-20s in an unprecedented buildup and one that threatens the very fiber of Western European vitality, while we have yet to take the corrective actions that are called for in our own defense.

Q. Upon what condition are you prepared to resume strategic arms negotiations with the Soviet Union?

U.S. Minerals Dependency, 1979



MINERALS AND METALS	% OF APPARENT CONSUMPTION	MAJOR FOREIGN SOURCES[1] (1975–78)
Columbium	100	Brazil, Canada, Thailand
Mica (sheet)	100	India, Brazil, Madagascar
Strontium	100	Mexico, Fed. Rep. of Germany, Canada
Titanium (Rutile)	100	Australia, Japan, India
Manganese	98	South Africa, Gabon, France, Brazil
Tantalum	96	Thailand, Canada, Malaysia, Brazil
Cobalt	94	Zaire, Belg.-Lux., Zambia, Finland
Bauxite & Alumina	93	Jamaica, Australia, Guinea, Suriname
Platinum—Group Metals	91	South Africa, U.S.S.R., U.K.
Chromium	90	South Africa, U.S.S.R., Philippines, Turkey, Zimbabwe
Tin	81	Malaysia, Thailand, Indonesia, Bolivia
Asbestos	77	Canada, South Africa
Nickel	73	Canada, Norway, New Caledonia, Domin. Rep.
Potassium	68	Canada
Cadmium	63	Canada, Australia, Mexico, Belg.-Lux.
Zinc	63	Canada, Mexico, Fed. Rep. of Germany
Tungsten	58	Canada, Bolivia, Korea
Mercury	55	Algeria, Spain, Italy, Canada, Yugoslavia
Gold	50	Canada, U.S.S.R., Switzerland
Silver	49	Canada, Mexico, Peru, U.K.
Antimony	48	South Africa, Canada, U.K., Mexico, China
Barium	40	Peru, Ireland, Mexico, Morocco
Titanium (ilmenite)	39	Australia, Canada
Gypsum	33	Canada, Mexico, Jamaica, Domin. Rep
Selenium	28	Canada, Japan, Yugoslavia, France
Vanadium	28	South Africa, Chile, U.S.S.R.
Iron Ore	25	Canada, Venezuela, Brazil, Liberia
Copper	19	Canada, Chile, Zambia, Peru
Iron & Steel Products	12	Japan, E.E.C., Canada
Cement	11	Canada, Japan, U.K., Spain
Sulfur	11	Canada, Mexico
Salt	6	Canada, Bahamas, Mexico
Aluminum	4	Canada
Lead	4	Canada, Mexico, Peru, Honduras, Australia

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[1] Sources are points of shipment to the U.S. and are not necessarily the initial sources of the material.

Source: U.S. Department of the Interior.

Security and Development Assistance

by Secretary Haig

Statement before the Senate Foreign Relations Committee on March 19, 1981.[1]

It is a great honor to appear before the Senate Foreign Relations Committee as Secretary of State. As members of this committee, you are aware that the conduct of foreign policy and exercise of influence requires many tools. It is the role and purpose of one of these tools–security and development assistance–that is the subject for discussion today.

Security and development assistance should be seen in the context of the international challenges that confront us and the foreign policy we have devised to overcome them. Today's world presents the United States with three prominent trends. First, power is diffused widely among many nations and some are prepared to use violence to advance their ends. Second, we and our allies are now more vulnerable to international unrest and violent change. Third and most dangerous, the growth of Soviet military power is now capable of supporting an imperial foreign policy.

The last trend is most alarming. Soviet adventurism in the Horn, in South Asia, in the Persian Gulf, and in Southwest Africa appears to conform to a basic and ominous objective: to strike at countries on or near the vital resource lines of the West.

The depressed world economic condition is equally familiar to you. The spiraling cost of oil has been a punishing blow to all nations. It has been particularly crippling to the developing nations. It is estimated that developing countries paid $50 to $60 billion in 1980 for their oil imports. Adding to this burden is another $50 to $60 billion in trade deficits. All of this comes at a time when world population will increase by half in just the next 20 years–from 4.4 billion in 1979 to over 6.3 billion by the end of the century, with 90% of this increase in the poorest countries. Economic dislocations of this magnitude create conditions for violent disruptions, with dangerous political consequences.

U.S. Response

Our response to these challenges must incorporate several elements if we are to advance our international objectives. We require:

- A strong, prosperous, and productive American economy because we can do little to help others if we are disabled ourselves;
- An American defense posture that restores the confidence and determination of friends and that deters adversaries from pursuing adventures; and
- The resources to protect our international security interests and to promote peace and prosperity abroad.

The President has proposed a far-reaching and dynamic program to restore the health of the American economy. I fully support his proposals. The revised defense budget which the Congress will review in a short time is designed to revitalize our Armed Forces and rebuild our capacity to defend our vital interests.

The third element, resources to promote our security and economic interests, is the reason for my appearance before this committee today. Before going into the details of the Administration's foreign assistance request, let me say a few words about the general directions of our economic policy and how we will shape assistance programs to complement these policies.

...in the formulation of economic policy, in the allocation of resources, in decisions on international economic issues, a major determinant will be the need to protect and advance our security.

First, in the formulation of economic policy, in the allocation of our resources, in decisions on international economic issues, a major determinant will be the need to protect and advance our security.

Second, we shall continue to work with other countries to maintain an open and accessible international economic system. This will include efforts to engage the U.S. private sector more fully in the economic development process.

Third, the United States will not forsake its traditional assistance to the needy of this world: the undernourished, the sick, the desperate refugee.

Fourth, there will be neither abrupt nor radical redirection of our international economic policies. Where necessary, policy will be changed in an evolutionary fashion, with minimal disruption and uncertainty.

Fifth, the United States will not abandon institutions and agreements devoted to global economic and political stability. The United States will continue to bear a fair share of the cost to maintain and operate international organizations.

I have asked Jim Buckley [James L. Buckley, Under Secretary for Security Assistance, Science and Technology] to coordinate the allocations of all types of foreign assistance in which the Department is involved. Let me give you an example of what Jim undertook for me in recent days. We wanted to allocate additional assistance to El Salvador, and Jim worked with the various offices to put together the package of economic support funds, development assistance, PL 480, etc. I see this as entirely consistent with my responsibility, under the President, for overall supervision and direction of our foreign assistance effort.

Security Assistance

I referred a moment ago to the President's proposals for reconstituting America's defense capabilities. Our security assistance program goes hand-in-hand with this effort and must enjoy equal priority. This is because the friendagement, weapons, instruction, or refuge to those who spread terror through random violence for political ends. Terrorist groups may profess different ideologies and attack different human targets, but it is what they have in common that is a danger to us all. Terrorist bands must be treated as such. We must not tolerate the death, mayhem, and instability which is the trademark of the terrorist.

It is tragic and reprehensible when governments, within their own borders and elsewhere, support such groups by providing financial assistance, explosive sophistication, sabotage instruction, other training, arms, and even targets. It is unconscionable when they use their media to support groups which employ terrorism as an instrument of policy. Surely it must be clear that such activity can only fan the flames of terrorism in the world and thus endanger the lives of still more innocent people as well as the stability of all governments, including those whose support or equivocal attitude fosters the atmosphere on which it thrives.

You are aware that my government has within the past few days in Washington expressed its concern over terrorism. Those statements speak for themselves. Secretary Haig placed the problem well within the scope of our agenda when he described terrorism as the ultimate abuse of human rights as well as a threat to our security as it tears at the very fabric of our society and stability.

There is understandably a widened consciousness in my country today because of the recent holding of 52 American diplomats as hostages in Iran. We have also had five of our Ambassadors killed by international terrorists since 1968. Other diplomats and citizens have been victims of these attacks. But we all know that other governments have had similar experiences. The Spanish and Turkish statements to this effect here have been eloquent.

A number of international measures have already been taken to deal with the problem of terrorism. More measures are needed. Here in this meeting we can play a vital role in mobilizing public and governmental consciousness against this outrage. We have a fundamental and common interest in cooperating to face this challenge.

RM. 14, introduced by Spain and supported by the Federal Republic of Germany, Italy, Portugal, Turkey, the United Kingdom, Canada, and the United States, merits the unanimous endorsement of this body. I congratulate Ambassador Ruperez and his colleagues on their constructive effort in putting together this valuable and important proposal. It notes the need for improving international cooperation in order to meet the threat of terrorism. It calls on us to commit ourselves openly and resolutely to this present task. My government welcomes this call.

I can see no reason for standing apart from such an urgent task. Agreement here will serve as an important symbol to our peoples and to the world. It will send a message that the nations represented in Madrid have confirmed their resolute opposition to the tactics of barbarism and terror, as well as their determination to cooperate in overcoming the terrorist challenge to peace, security, and cooperation among all of our peoples. RM. 14 provides us an opportunity to reaffirm that terrorism cannot and will not be condoned. ■

Implementation of the Hostage Agreements With Iran

by Walter J. Stoessel

Statement before the Senate Foreign Relations Committee on March 4, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.[1]

I welcome this opportunity to discuss the Administration's decision to implement the agreements with Iran for the hostages' release. I will address my comments to why we believe it is in the interests of the United States to implement the agreements. I will also talk about the legal basis for proceeding with the agreements and the practical steps we plan to take in this regard.

Our decision to implement the agreements must be considered in the context of both our international interests and domestic concerns. Given Iran's strategic location, its oil resources, and the possibilities for Soviet influence there, movement toward improved relations may at some point be in the interest of the United States. However, it is also in our interest to take care that any such movement is consistent with our strong opposition to terrorism and the stake which we, and all law-abiding nations, have in the system of international law and custom.

I want to stress that, by itself, our decision to implement the Algerian agreements does not constitute a decision to normalize relations with Iran. However, a benefit of implementing the agreements is that this option is left open.

U.S. regional interests also favor implementation of the agreements. Friendly governments in the area, and most of our allies, believe we must honor these obligations. Certainly, for a number of countries, the agreements represent a satisfactory conclusion to the freeze we placed on Iranian assets - a step which caused important investors considerable anxiety. In addition, had we decided not to implement the agreements, we would have been seen by other countries - especially Algeria - as failing to honor a commitment made to them. As you know, we have pursued a careful policy of gradual improvement in our relations with Algeria, and we appreciate Algeria's role in ending this national trauma.

In short, in completing a very thorough review of our obligations under the agreements, we have considered our strategic concerns - and the extraordinary circumstances under which the agreements were negotiated - very carefully. Our decision to approve implementation, strictly in accordance with the terms of the agreements, also takes into account the legitimate rights of U.S. claimants and our policies for dealing with terrorism.

We did not in our review of the agreements address whether the crisis could have been better handled or whether a better set of agreements could have been negotiated. However, the agreements are an accomplished fact, authorized by the President of the United States acting within the authority of his office. We are satisfied that our obligations under them do not violate U.S. law. We did not see it as necessary to reach a conclusion as to the agreements' legally binding character under international law. We are proceeding with implementation because it appears to be clearly in the overall interests of the United States to do so.

Let me say that Iran has not profited from these agreements and in fact paid a considerable economic price from the sanctions and political isolation imposed upon it. Faced with the serious deadline imposed by the advent of a new Administration which was not committed to continue the negotiations underway, Iran had to settle for terms that restored financial relations with the United States roughly to where they were before the hostages were seized and had to give up many of their demands, including the return of the Shah and the return of his assets. The funds already returned to Iran and those which may be returned as the agreements are implemented and commercial and financial claims are settled are assets that belonged to Iran before the seizure of the hostages. No U.S. funds have been sent to Iran as the result of these agreements.

Three actions required under the agreements have already taken place.

- The United States has pledged noninterference in Iran's internal affairs. This is in accordance with our policy and international law.
- $7.9 billion was transferred to an escrow account with the Bank of England. Of this, $3.7 billion was then returned to the Federal Reserve Bank of New York to pay off syndicated bank loans and credits, and $1.4 billion was retained in the account to pay nonsyndicated loans and credits of banks and disputed interest owing on Iran deposits in U.S. banks.
- We have revoked economic sanctions imposed on Iran in response to the hostage taking. Normal controls under the Arms Export Control Act continue to apply to Iran and a Department travel advisory points out the dangers of traveling there.

However, a number of additional steps are required to complete implementation of the agreements. The executive branch published regulations last week to implement Executive orders signed by President Carter on January 19, and a new Executive order signed by President Reagan on February 24, 1981. These regulations explain the responsibilities of U.S. holders of Iranian assets. We have discussed these regulations in detail with U.S. claimants; their views have been fully considered in the drafting process.

We are working to conclude a security account arrangement with a foreign central bank into which to place a portion of the $2.2 billion in Iranian assets now in U.S. branches of U.S. banks. One-half of these assets, as they are transferred, are to go into such an interest-bearing account for payment of arbitration awards to U.S. claimants. When $1 billion has been placed in the security account, the additional funds will be transferred to Iran. However, whenever the balance in the security account should drop below $500 million as a result of payment of claims, Iran is obligated to make new deposits sufficient to maintain the $500 million balance. We must also transfer to Iran $1–1.5 billion of other Iranian assets subject to U.S. jurisdiction.

Claims not settled within 6 months by direct negotiation between the parties may be submitted to the arbitration tribunal. We are seeking a site for the tribunal and will shortly begin to make other arrangements as well, including the selection of arbitrators.

The new Executive order signed by President Reagan suspends the claims in U.S. courts that may be presented to the arbitration tribunal. These claims will be discharged only after the tribunal takes jurisdiction and makes a judgment on the merits. We will also lift the legal attachments by U.S. claimants on Iranian assets. These attachments must be removed before the transfers can begin that will – in addition to returning some Iranian property to Iran – fill the security account from which arbitration awards will be paid. We will also, in due course, withdraw U.S. claims against Iran before the International Court of Justice. (We will, however, continue to press our claim for the return of our Embassy and other properties in Iran.)

A category of obligations of which I have not spoken concerns the Shah's wealth. The regulations that I have mentioned will require that whenever the Shah's estate or any close relative is served as a defendent in U.S. courts by Iran, pursuant to an effort to recover Iranian property, the assets involved will be frozen and information regarding them will be made available to Iran.

U.S. To Sell Military Equipment to Saudi Arabia

DEPARTMENT ANNOUNCEMENT, MAR. 6, 1981[1]

We have consulted closely with the Congress during the past week regarding the serious deterioration in security conditions in the Middle East-Persian Gulf region and also regarding the growing threat to our friends there from Soviet and other pressures. We have benefited from the congressional views expressed, and we plan to continue to work closely with the Congress on steps to protect our interests in that vital region. The first step is to help our friends defend themselves and to rebuild their confidence in our reliability.

The Administration will shortly give notification to Congress of our intention to sell military equipment to Saudi Arabia. We propose to sell to the Saudis conformal fuel tanks and AIM–9L air-to-air missiles which will augment the defensive role of their F–15 aircraft. We have agreed also to sell to Saudi Arabia aerial surveillance aircraft, subject to further determination of their specific requirements. We have agreed to be responsive on providing a refueling capability. We will also conduct a technical study with the Saudis to determine their air-to-ground requirements for our defending against the threat of invasion.

We are aware, of course, of the assurances the previous Administration gave to the Congress in 1978 regarding these items. The critical fact today is that the circumstances in the region have changed dramatically. The Soviet invasion of Afghanistan, the turmoil of the Iranian revolution, the Iran-Iraq war, and the Soviet presence in South Yemen and Ethiopia underscore the instability in the region and the dangers of Soviet penetration and exploitation.

These proposals for military sales are a sign of our determination that the United States will move decisively and quickly to protect its interests and those of its friends and allies when they are threatened.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

Central American Review

by John A. Bushnell

Statement before the Subcommittee for Inter-American Affairs of the House Foreign Affairs Committee on March 5, 1981. Mr. Bushnell is Acting Assistant Secretary for Inter-American Affairs.[1]

Central America's recent history of Communist-supported civil violence in Nicaragua, El Salvador, and – to a lesser degree – Guatemala has attracted considerable international attention. Although the region is no longer ignored, what has been happening there has more often than not been described in overly simplistic terms. Our intentions and motivations have become the prime target of a worldwide propaganda campaign by the Soviet Union, Cuba, and other Communist countries seeking to advance their own interests in the region at its and our expense. In our own country, highly complex issues are often reduced to slogans; catchphrases substitute for analysis. The situations in each country are different; U.S. policy must deal with the complex realities.

Guatemala

Guatemala, the richest of Central American countries in resources and largest in size and population, is faced concurrently with troubled borders, externally supported subversion, and internal rebellion. Endemic violence is on the upswing, spawned in considerable measure by Communist exploitation of traditional social and political inequities. While a number of social and economic programs are underway, growing Marxist guerrilla insurgency has riveted the attention of the government firmly upon internal security issues. As it has in El Salvador, Cuba has played a role toward unifying the diverse Marxist guerrilla groups and in assisting them to obtain arms and training.

In addition to the internal problems, two of Guatemala's neighbors are involved in dramatic change, adding further security worries to Guatemala's leadership. Developments in El Salvador are a continuous source of concern, and the British Colony of Belize, which is claimed by Guatemala, is moving toward independence this year. Guatemala is concerned that Belize could become a safehaven for Marxist guerrillas or a supply and infiltration route for these insurgents, with or without the permission of the Government of Belize. Guatemala also is concerned that it may lose access to the Caribbean by surrendering its claim to Belize. We hope that good faith negotiations by all sides will bring about an acceptable solution that will contribute to regional stability.

Economically, Guatemala's recent oil discoveries will help it weather a serious economic slump brought about by high world energy prices, international market conditions, and a fall-off in tourism because of internal violence.

Honduras

Honduras is well on the way to conversion from a military government to an elected civilian government. An election in April 1980, in which over 80% of the electorate participated with enthusiasm, produced a constituent assembly which is now redrafting the constitution and writing electoral laws. General elections for the legislature and presidency are expected later this year, with the new government to be installed by early 1982. We are pleased with Honduras' commitment to and progress toward democracy in the face of events on its borders and its own economic problems.

However, Honduras faces some economic difficulties. It has embarked on a heavy campaign of investment in projects to improve its economic infrastructure that will offer dividends in the medium term. But for the immediate future, a deteriorating terms of trade, especially caused by falling coffee prices, have left Honduras with economic problems which have been exacerbated by the region's political problems. We are reviewing our aid programs to Honduras, including the military assistance we have given (mostly leased helicopters and a small amount of military training) and are considering what more might be done to enhance Honduran economic and military security.

Costa Rica

Costa Rica, the democratic model for Central America, is no longer immune to its problems either. A burgeoning fuel-import bill, an ever-growing public sector combined with a declining economic growth rate, a severe balance-of-payments problem, and increasing charges of corruption in government are creating a sense of unease heretofore absent from that country. Hopes for an International Monetary Fund (IMF) program to help with foreign exchange and budget gaps are now dependent upon the government's willingness to cut its budget deficit and to establish some discipline in the public sector. Meetings between the IMF and Costa Rican Government officials lead us to believe that an IMF agreement will be concluded. The government seeks some U.S. assistance, including development assistance and a PL 480 (Food for Peace) program, and we believe that now is the time to help our friends at least in small amounts.

Recent indictments of officials allegedly involved in the illegal transport of Cubans to the United States and allegations of corruption caused by Communist gunrunning networks are as disturbing as the economic picture. Costa Rica is now being tested in its ability to deal forcefully with the economic and social problems now facing it. The country has the resiliency characteristic of established democracies but may need some support – both economic and moral – if it is to avoid problems of the magnitude that has afflicted other countries in the region.

Nicaragua

The overthrow of Anastasio Somoza in Nicaragua, which was completed in July of 1979, brought the region both more international attention and a serious new destabilizing factor. The National Directorate of the Sandinista Liberation Front, which has held power in Nicaragua since the fall of Somoza, is heavily influenced by Marx and Castro. Some members of the directorate have sought to lead Nicaragua toward a totalitarian society. That thrust has been contested by Nicaraguan moderates in independent political parties, the private business sector, the church, and some of the media best represented by *La Prensa*, the popular, independent daily newspaper.

Since the Sandinista victory of July 1979, the United States has obligated over $100 million in economic assistance to Nicaragua, $60 million of that coming from the FY 1980 supplemental act. Our aid has been designed not only to feed hungry people but also to strengthen the private sector and deny the Sandinistas an American foreign devil to blame for their problems. The Congress required that all aid to Nicaragua be stopped should its government support violence or terrorism in other countries or deny human rights to its populace. Evidence that large amounts of Communist-country weapons destined for the guerrillas in El Salvador were transitting Nicaragua has caused us to suspend aid to the Government of Nicaragua temporarily. A decision on whether to hold aid indefinitely will not be made until we have completed a thorough review of Nicaraguan compliance related to extension of aid as provided for in U.S. law.

El Salvador

On January 10, 1981, the Marxist guerrilla forces in El Salvador under the command of the Cuban-organized Unified Revolutionary Directorate, the DRU, began their so-called final offensive to topple the Duarte government. The DRU called for a popular insurrection to sweep the government from power, just as the Sandinista Front had been able to do in Nicaragua. The DRU said it wanted to present the Reagan Administration with a "fait accompli," i.e. a revolutionary government in place, that could not be dislodged. But the situation in El Salvador was different from that of Somoza's Nicaragua. The Salvadoran people rejected the DRU's call for an insurrection in El Salvador. Unlike in Nicaragua, the government forces were not faced with entire cities rising up and workers striking in support of the Marxists. Instead the people of El Salvador chose to go to work, effectively turning their backs on the guerrilla groups who claimed to lead them. Government forces were able to block the guerrilla offensive, thus winning at least a symbolic victory over internationally supplied Marxist forces in El Salvador.

I should like to submit for the record a copy of the special report on "Communist Interference in El Salvador" that has been made public.[2] Much of it is based on captured DRU documents. I might add that much of the information from the captured documents has been confirmed by other information and intelligence in our possession and, above all, by the fact that the guerrillas in El Salvador are well-armed.

There has been a massive influx of arms from Soviet and other Communist sources. Radical Arab states, the Palestine Liberation Organization (PLO) and the terrorist Popular Front for the Liberation of Palestine (PFLP) have furnished funds, arms, and training. There is also clear evidence that the Cubans were directly involved in forming the guerrillas' unified command, in organizing the arms supply network, and in developing combat plans. This outside interference dramatically changed the nature of the struggle in El Salvador from an internal conflict to an international one with East-West dimensions. Prior to January 17, 1981, I should point out, the United States had not sent any arms to El Salvador since 1977.

The crucial question is why there was no popular uprising in response to the DRU's appeal. Where was the popular support that the Salvadoran left and its supporters here and in Europe claimed and apparently believed that they had? The explanation lies in the fact that the revolutionary civilian-military Government of El Salvador, headed by Christian Democrat Jose Napoleon Duarte, has given El Salvador the hope for peaceful change, while the guerrillas have revealed themselves to be terrorists, interested only in obtaining power through brute force.

In March 1980, the government announced a far-reaching reform program. Although it has been implemented haltingly, it has taken from the small traditionally ruling oligarchy control of the major estates, the banking institutions, and the export businesses. Small farmer cooperatives have become the owners of the major estates, bank employees are sharing in the control of the banks, and the government controls the vital export of major commodities. The former landowners are to be reimbursed with a combination of cash and long-term bonds. Small parcels of less than 17 acres once farmed by sharecroppers are now to be owned by the tenants. In spite of considerable technical difficulties, the government has begun to issue titles to the new owners. Accomplishing such a complex reform in the midst of a foreign-supplied guerrilla insurgency is a remarkable achievement.

The United States has offered economic assistance to support the Salvadoran Government's reforms and to provide help for El Salvador's most needy. Roughly $56 million was made available in FY 1980 and about $63 million is already planned in FY 1981 to create jobs through public works, to feed the hungry, and to improve health, education, and housing. Our aid is designed to help eradicate the conditions which have fostered unrest. The success of the government's reforms and our help can perhaps best be measured by the extreme changes they have caused in the behavior of the government's opposition. The agrarian reform has attracted the most attention. It is under attack by the extremes of both right and left, the latter because the reform undercut its appeal to the rural population.

In addition to progress on economic and structural reforms, the government has begun a process to fulfill its commitment to democracy. On the October 15, 1980, anniversary of the revolution, the government announced a number of measures, including:

- A schedule for popular elections beginning with election of a constituent assembly in 1982 and culminating with presidential elections in 1983. We understand that an election commission will be established during the next few weeks to carry forward this process;
- A full amnesty for all guerrillas who lay down their arms; and
- Promulgation of a code of conduct for the military.

Indicative of the government's desire to end the violence, it accepted an offer by the Salvadoran Council of Bishops to serve as mediators between the government and the guerrilla organizations. The DRU, speaking through its front organization, the Revolutionary Democratic Front (FDR), publicly rejected the offer. In December, in a move which strengthened the civilian role in the Christian Democratic-military coalition, Jose Napoleon Duarte was made President and Chief Executive of the junta.

The left has found itself increasingly unable to demonstrate popular strength. It called three general strikes in June, July, and August of 1980. In June they met with partial, but disappointing, success. In July they realized they could not succeed and canceled the strike. In August they went ahead with the planned strike, but in spite of their efforts to keep workers from their jobs by burning buses and bombing workplaces, attendance was above normal. The strikes were failures. The people of El Salvador, if they were not actively supporting the government, were at least asking to be let alone, to work, and to go about their lives in some safety and to enjoy the benefits of the reforms. The judgment that the guerrillas lack popular support is not ours alone. The following quote from Apostolic Adminis-

A final word to the people of Canada: We're happy to be your neighbor. We want to remain your friend. We're determined to be your partner, and we're intent on working closely with you in a spirit of cooperation. We are much more than an acquaintance. *Merci.* Thank you.

REMARKS TO REPORTERS[4]

Prime Minister Trudeau

The point has been made many times that we are happy to have received President Reagan and his ministers and officials. We want to report briefly this morning on the conversations and discussions that took place between us. I would merely preface them by saying that at the beginning of a new administration we were surprised and delighted that so much ground could be covered in such a positive way. There's no subject and no grievance, if I could use the word, which the United States wasn't prepared to discuss and indicate a will to settle.

We discussed yesterday morning mainly the area of international affairs, and we had a very wide-ranging *tour d'horizon. Nous avons parlé de l'Afghanistan, de la Pologne, du Proche-Orient.* [We discussed Afghanistan, Poland, the Near East.] We talked a fair amount of the Caribbean and Central America. And on El Salvador in particular there was agreement, as I could sense it, that the solution there should be a political solution and that we would work in whatever way we could to insure that the moderates were those who took over and not the extremists of the right or of the left.

We, as you know, reached an agreement on NORAD, which will be signed imminently. We reached an agreement on social security also. Much of the work in these two areas had been done before we even sat down to talk, because you realize as we do that every day of the week there are contacts between officials of both governments on a multitude of subjects. And what we concentrated on in our brief meetings was mainly in the area of disagreement or a need to clarify our respective positions, and I would say that on the two main areas of bilateral concern we were very pleased with the ultimate response of the President of the United States.

It began, of course, with an expression of our deep disappointment at the fact that the fisheries treaty had been withdrawn from the United States from ratification, because from the outset we had argued, when these discussions began several years ago, that linkage between the boundaries settlement and the fisheries was not only necessary, but it was obvious from the very nature of the two agreements. And we are disappointed at the delinkage, and that has been expressed very clearly to the United States. But as I said in the House of Commons a few days ago, I think it's fair to put the best possible light on this, and that is certainly in keeping with the attitude that the discussions assumed.

The fisheries treaty was bogged down for a couple of years in the Senate, and we view the U.S. gesture of withdrawing that treaty as an indication of their determination to solve the problem in other ways, because we made it quite clear that the two problems have to be solved. It is not just a matter of having the courts determine the boundaries; it is a matter of making sure that though there will be no fish war – we gave each other the assurance of that, and we will take measures to make sure it doesn't happen – no one would benefit if the fish ultimately were fished out by the extraordinary capacities of the Canadian fishermen to go ahead and fish if they see that there are no limits and that the Americans are not respecting them. In this sense, we are very happy that the U.S. Administration has undertaken to assure fish conservation measures in that area. And we are hopeful that the problem will be settled in that way. Indeed, we're more than hopeful; we are confident that it will.

The other area, of course, of great concern to Canada was cross-boundary pollution, either through acid rain, Great Lakes water pollution, or the particular case of the Garrison diversion. And on all these matters I think it's fair to say that the United States, as the President had occasion to repeat in the House of Commons a few moments ago – we have the assurances that the United States has the will and the determination to cooperate with us in preserving the environment for ourselves and for posterity.

We talked about the pipeline – the northern gas pipeline – and you heard the President of the United States give us the assurance that they were determined to see it to its successful completion and, therefore, to carry on the undertakings we'd had from the previous Administration.

We talked about many other bilateral subjects in the area of trade. We said that the auto pact discussions should be pursued and continued. In the area of mass transit transportation, the United States has agreed to consider ways in which agreement and the buy-American provisions can be made to operate in a fair way to Canada.

We discussed other economic subjects. But I think it's important, in conclusion, to remind you that the impression that I got from our discussions with the American President and ministers was that we were doing this in the best possible of spirits and attitudes. We didn't approach this as a zero-sum game. We think that there can be beneficiaries on both sides in all these areas, whether it be from the environment or trade.

We don't see the negotiations as terminating in a victory for one and some losses for the other. On the contrary, the spirit and reality of these discussions and, I am convinced, of the future of our relations with President Reagan and his Administration, will be that both sides can come out the gainers if we solve problems of the environment, problems of boundaries or of fisheries, problems of trade, problems of social security, and that both sides have it to their advantage to look at international problems in that same light, too, because we share the main objectives of liberty and justice.

I expressed for my part that there might be some future meetings between the President of the United States and the President of Mexico and the Prime Minister of Canada, if we could have such meetings to try and share common views of people who inhabit the New World, particularly as we regard international developments.

We will be meeting again, the President and I and the other summiteers in July. And I think that we have shown at least by our meeting in this past day and a half that we intend to continue our consultations. I did make the point – and I think the President agreed – that our reaction to tensions in Poland, as different from our reaction to events in Afghanistan more than a year ago, show that we had learned from the lesson of Afghanistan and that we understood that one of the most important things we could achieve as likeminded countries was to consult in order that we not react in disarray to crises or possible tensions in other parts of the world, but that we act, in fact as we are in spirit, with unison and with dedication to the spirit of freedom.

That's about all I think I have to say, Mr. President, and it's up to you now to try and satisfy those who were not satisfied by me. [Laughter]

President Reagan

I'm sure they are. You gave certainly a very thorough summing-up of the wonderful meetings we've held. I would like first, however, to remark on the kind of welcome that I have received here. That welcome went beyond careful planning and beyond a sincere and warm reception by the Governor General and the Prime Minister. It was truly a welcome, a meeting between neighbor and neighbor.

Our discussion showed that the United States and Canada stand together on many world issues. Understandably, on some issues, we see things differently. Each country has its own national interests and objectives. Each country brings to international issues a distinct point of view. But what has impressed me is the degree to which we are in agreement and, where we have differed, that we have discussed our differences with the kind of openness and understanding that exists between neighbors.

We discussed the major areas of instabilty in the world, as the Prime Minister told you, including Eastern Europe, the Middle East, Latin America. We considered carefully the Ottawa summit, which will be held here in July. That meeting will be a very useful opportunity to share views on relationships between the industrialized democracies and the Soviet Union on energy cooperation and on economic relations within the developing nations.

In addition to discussing these world issues, we carefully considered the bilateral U.S.-Canadian relationship. We agreed wholeheartedly that consultation is vitally important to our close and cooperative relationship, and we agreed to foster frank and informal consultation at all levels and at all times. Our bilateral discussions took us into areas where our two nations are closest. We discussed matters affecting the environment, fisheries, as you've been told, energy, trade, and defense. In each of these areas we were, I believe, able to deal with the issue squarely in an atmosphere of frankness and understanding, and we did, yes, discuss the pipeline, the Canadian national energy program, took up the continuing problems, as the Prime Minister told you, of east coast boundary and fisheries treaties.

On the environment we addressed the Garrison project and continued joint efforts to deal with both transboundary air pollution and the cleanup of the Great Lakes. We agreed to continue consultations on the auto industry and on reciprocal opportunities for urban mass transit trade. We discussed our defense production sharing agreements. We've had, in short, a busy time.

I look forward to continued contacts between us at the Prime Minister-President level, at the level of Cabinet officers, and at all levels below. To sum it up, our meetings have been, as he said, frank and constructive, and I intend to do all in my power to see that we continue to deal with each other in the same way in the years ahead. And I would like to close by expressing my thanks to Governor General Schreyer, to Prime Minister Trudeau, and through them to the people of Canada for the warm welcome that I and my associates have received here this week. I can assure you we will not forget it. We will remember it with great warmth and pleasure.

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[1] Texts from Weekly Compilation of Presidential Documents of Mar. 16, 1981, which also includes the President's and Prime Minister's remarks outside the Centre Block on Parliament Hill and the exchange of remarks between the President and the Governor General following a dinner at Rideau Hall, the Governor General's residence, on Mar. 10.

[2] Made at Hangar 11 at the Canadian Forces Base.

[3] Made in the House of Commons Chamber at the Centre Block.

[4] Made in the Railway Committee Room at the Centre Block. ■

President Reagan and Prime Minister Trudeau in the Prime Minister's office at Centre Block, Parliament Hill.
(White House photo by Michael Evans)

A. I'm not going to again lay out conditions. We have made it clear that we are anxious to have constructive arms control talks, that we would hope that such talks would result in a reduction of the level of nuclear armaments which is of such concern to us all today, and that we would hope also and anticipate that the concept of linkage would be applied to assure that we have corrected the difficulties we are experiencing with respect to Soviet global interventionism.

Q. Do you think that the Soviet Union has a nuclear advantage at the present time, today?

A. I think it is very hard for any, even the most qualified of objective observers, to make the kind of value judgments your question anticipates. I think, basically, most of the experts accept that we are at a point of relative balance and equivalence. But these same experts are gravely concerned that the momentum in the Soviet nuclear building program is such that in a very brief period, perhaps by the middle of this coming decade, that equality will shift rapidly to Soviet superiority. This is a matter of grave concern to all of us and certainly to President Reagan, who as you know, has dedicated himself to a substantial buildup in American capabilities, not exclusively in the nuclear area, of course.

Q. But the United States, are you seeking nuclear parity or do you want to recover superiority?

A. I think these terms, superiority, number one, equality, generate emotional responses from well-meaning people that suggest to me that they can be counterproductive. They are much like the term "domino theory" of a few years ago, as we refer to the events in Southeast Asia.

I think what we need is adequacy in the context of Western capabilities. Adequacy means that we can effectively counterbalance Soviet existing inventories and, above all, that we make it clear that a preemptive first-strike on the part of the Soviet Union would result in unacceptable risks to their leadership so they would never consider the advantages of such a strike.

Q. Just today, you had talks with the French Foreign Minister, Mr. Jean Francois-Poncet. How do you judge France as an ally and as a partner of the United States?

A. As you probably know, I have always viewed the contributions of France to Western, and allied, security as irreplaceable, fundamental. I have always viewed American-French bilateral relationships as vitally important in the broader sense of international stability. I have also always said that we Americans, and the allies as a whole, today derive some benefit from the independent character of the French contribution.

I have commented recently on the French strategic view, which has been somewhat more foresighted in the African Continent in the developments in the Third World, and I would hope that we would all learn some lessons and attempt to emulate that French concern.

Q. So you find that French efforts in the defense area are satisfactory, at least in your view?

A. I have been encouraged in recent years, as I watched first-hand, at considerable sacrifice to the French people, the determination of the Government of France to improve its defense capabilities at a time when Soviet capabilities are growing dramatically.

I think it is important and significant that today France and the United States view certain key areas with a commonality of concern—Afghanistan, potential difficulties in Poland, even the diplomatic conduct of the conference in Madrid. All of this is very encouraging to me. And it was clear from my discussions today with your Foreign Minister that this is so.

Q. Questions like Afghanistan, Poland—do you feel that the French positions and the U.S. positions are very close together in these areas?

A. Yes, I do. I think they are completely in concert.

Q. At the same time, you do accept that the French insist on being partners, who insist on equality and independence?

A. Yes, I do, and I recognize that this affords a degree of benefit through an alliance that is made up of sovereign nations. We are not a monolith. It is one of the great strengths, even though at times it is a vexing reality as well. But I think it is far more of a strength than it is a disadvantage.

Q. As for example, France, while condemning certain Soviet initiatives, wishes to continue having direct dialogue with Moscow. This does not bother you, from your standpoint?

A. No, not at all. I think it's vitally important that not only France but the other powers of Europe, as well as the United States, maintain a dialogue with the East. On the other hand, I would hope that as a result of improving consultations, that that dialogue would have a consistency or at least not create contradictions in our overall ability to deal with this very dangerous situation. I'm optimistic about that.

Q. Aren't you presenting relations between France and the United States a little bit like something out of Alice in Wonderland?

A. I'm not so sure. The Alice-in-Wonderland label would apply perhaps to East-West relations on occasion, but I have never found them to be characteristic of French-American relationships. You could cite differences that exist between our two governments in the Middle East, for example. It's natural that our perceptions and sometimes our evaluations will differ. But in that context, I would hope those differences would not result in complicating the peace process in the Middle East. I'm optimistic that they will not if we stay in close consultation.

Q. But, for example, in a case of serious tension, do you have fears or doubts as far as France's behavior is concerned?

A. None whatsoever. I have been through sufficient international crises during my tenure in Europe, and I am enough of a student of history to understand that France, first and foremost, is willing to bear the burdens of its nationhood and will defend its national interests with all the vigor one could hope.

Q. There is nothing special that needs improvement in the relations between France and the United States?

A. I think we have many areas for desired improvement. For example, I mentioned one, that our perceptions of the Middle East differ somewhat. And I think both of us would benefit from a more intense dialogue.

Q. Should the United States have, as an idea in its foreign policy—in other words, since a general is at the head of the State Department, are you going to have a "big stick" type of policy? This is at least the image of U.S. foreign policy now that many people in Europe seem to have.

News Conference With British Press

Secretary Haig held a news conference with members of the British press at the Department of State on February 27, 1981.[1]

I'm very pleased to have this opportunity to speak to what is essentially our British press corps, I assume.

I think, first, I should make some very general comments about the nature of the visit of the Prime Minister and the Foreign Minister to reaffirm what has already been said – that these were unusually productive meetings, both at the Prime Minister and Presidential levels, and this morning, at considerable length, our discussions with Foreign Minister Peter Carrington. I want you to know that these meetings leave the U.S. side, at least, with the feeling that the special relationship of generations between Great Britain and the United States is in very good, sound health.

On the major strategic issues that concern us of a multilateral and bilateral character, we are in essential agreement with respect to objectives, although there may be, as one would expect and anticipate and welcome, differences in approach in some narrow areas on some narrow issues. We would expect this between sovereign nations whose independence is inherent in their nationhood. Having said that, I say it really to underline the fact rather than to emphasize the reality.

The discussions this morning were very broadranging, involving every region of the globe – the special alliances that exist globally with a strong focus, of course, on NATO; discussions on the recent problems in this hemisphere; discussions focused on Africa, the Middle East, Southeast Asia, China, Pacific – you name it; some other functional areas of bilateral interest between us.

Clearly, the issue in Poland, Afghanistan, and East-West relations in general were topics of major discussion and exchange. In these areas I can assure you that there was complete and total accord.

I think it's important that this meeting took place very early on in this Administration. As you know, we have had some attention to our hemispheric northern neighbors and southern neighbors. But the first European discussions of this character have taken place with Great Britain, with the Head of State or Head of Government. That's as it should be, and it's traditional.

Having said all this, now I welcome your questions on any topic that you would care to raise, recognizing that I will be my usual, specious self. [Laughter]

Q. You mentioned that there were some specific areas of disagreement. I wonder if you can tell us what meeting of minds there was on the Middle East, and particularly on the European initiative there.

A. I don't even like to use the term "European initiative." I would prefer to approach the subject with the recognition that clearly our European partners have a vital interest in the Middle East situation, the Arab-Israeli dispute, and other ongoing problem areas. And it is natural and to be anticipated that they would have a view.

I think the discussions today clearly indicated that the objectives of European involvement in this area of the world coincide with our own objectives in the broad sense of the term. It is our hope, of course, that whatever our European partners do in this area not complicate nor necessarily put obstacles in the way of what has been ongoing discussions for a period of years.

I'm not a novice on this. I started out with the period before shuttle diplomacy, lived through it, witnessed events leading up to the peace treaty here under the Carter Administration – referred to as the Camp David accords. We continue to be vitally interested and intend to be active in this process in accordance with U.N. Resolutions 242 and 338. We would hope that what our European partners feel they contribute to this – and, clearly, they can – not result in complicating this process. These things were discussed in some detail this morning, and I don't anticipate a problem.

Q. Your allies are known to be concerned about the possibility of America embroiling itself more deeply in El Salvador. Do you think that the Europeans, in your view, understand the seriousness of the situation there?

A. Yes, but I think there is a level of communication that has not been achieved to the point where they share our views completely. The reasons for that are simply that we have not brought this matter to our partners' attention through the consultative process. We have begun. It had not occurred before the trip of Ambassador Eagleburger [U.S. Ambassador to Yugoslavia Lawrence S. Eagleburger] on my behalf starting 2 weeks ago.

As a consequence of those consultations, both bilateral and in the NATO forum and other fora, we have, I think, generally received a full level and a full measure of support as to the nature of the problem – that there is, indeed, irrefutable evidence of sizable Cuban and Eastern intervention in this hemisphere through the provision of arms, training, and other guerrilla-type, guerrilla-supporting activity.

I don't think we've had any difficulty in achieving the consensus there. There may be some exception. But in general those powers with which we consulted were understanding and agreed.

There is a different level of perception. I find most of it in the case of proclamations by those who were not involved in the consultations, suggesting that perhaps there's a difference in our objectives in El Salvador proper with respect to the regime – the El Salvadoran junta or whatever you want to refer to it as – the Duarte government. And I think this is also a problem of lagging communication.

A. I understand that one of my background might bring forth those perceptions, but I think also that one who has participated personally in two wars in my lifetime recognizes the great sacrifices that anguishing human consequences of conflict bring to the mix of statecraft a heightened concern and a very sensitive feel for the need for peacekeeping efforts and international stability, but they also bring forth a sharp sensitivity to the consequences of unpreparedness and weakness, vacillation and inconsistency. If that is "big stick," I'm afraid the arsenal is out.

Q. So you're not a hawk?"

A. I think these labels are sometimes misleading. I have no doubt that whether you be a hawk or a dove, you both seek the same thing – peace. The problem is how best to achieve it. And I believe that our strength is the most important guarantee of our ability to maintain international peace and stability.

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[1] Press release 51 of Feb. 24, 1981. ■

ly states we support can themselves help us assure our most vital national interests.

For example, many of our security assistance partners enjoy a geographic proximity to the resources our economy demands. Others possess timely knowledge of complex regional events and are best suited to understand these events and assure that they do not slip beyond responsible control. Finally, many of our partners have military forces trained and experienced in operating in different areas.

As we strengthen these states, we strengthen ourselves and, for the reasons just mentioned, we do so more effectively and at less cost. Friendly states can help to deter threats before they escalate into world-shaking crises. The issue is not whether a local state can singlehandedly resist a Soviet assault. Rather, it is whether it can make that assault more costly, more complicated, and, therefore, potentially less likely to occur.

In practical terms, this means that the air defense system we help a friendly state develop could one day serve as a prepositioned shield under which Western relief forces would move. We hope that day never comes, and all of our efforts are aimed at preventing it. However, in judging the economic value of these programs it is necessary to recognize the connection that frequently exists between today's assistance and tomorrow's needs.

In examining our overall security and defense needs, we have tried to balance the requirement for budgetary stringency with the need to revitalize our international position. From this review we concluded that our national interests demand a significant funding increase for our security assistance programs and at increased levels above fiscal year 1981. The President is requesting that the Congress approve $4.27 billion in budget authority to finance a total $6.87 billion security assistance program for FY 1982.

Middle East. Almost 70% of the program for FY 1982 is for the Middle East, with Israel and Egypt as the largest recipients.

Let me say something about the importance of these two countries. The security of Israel remains a major U.S. concern and a binding U.S. commitment. We are determined that Israel retain the military capability to deter threats from hostile forces. Moreover we recognize the importance of Israel to our developing regional strategy. Israel constitutes an important deterrent in the region and, indeed, can play a major role in countering the more serious threats involving the Soviet Union.

Egypt occupies a unique position in the Arab world. Egypt's population, its strategic significance and cultural eminence give it that place. It was an event of extraordinary import for the United States when President Sadat decided to turn away from the Soviet Union and become our friend. President Sadat has had the vision not only to see and deal with the larger Soviet threat but also to join the peace process with Israel. There is no alternative to a strong, Western-oriented Egypt.

Adequate defense capability for Israel, Egypt, and other responsible Arab states will not only help deal with outside pressures but will support our objective of a lasting Middle East peace. Individual and regional insecurity undermines every prospect for peace. Our programs in the Middle East and Persian Gulf area, working with such states as Oman, are designed to deter threats to both regional security and Western energy interests.

Europe. Our foreign military sales (FMS) assistance to Europe will focus on four European nations: Greece, Portugal, and Turkey in support of their NATO roles, and Spain in connection with our defense agreement and our use of Spanish bases. A sizeable economic support funds program is planned for Turkey as we continue to respond to that country's economic needs in cooperation with other donors Turkey and Greece are two of our most important allies. Greece and Turkey are important to each other's defense and as allies and friends both are indispensable to us.

East Asia. In East Asia, Korea will receive a large amount of FMS financing for force modernization, with significant programs also scheduled for Indonesia, the Philippines, and Thailand.

Africa. In Africa, our equipment, training, and/or economic support will help to enhance the security of a selected number of states friendly to the United States. It is clearly in our interest, for example, to help Sudan and Tunisia withstand pressures from Libya. This is important in its own right and vital to our larger interest. For as the threat to these important states mounts, so too, indirectly, does the pressure on Egypt, with all that means for the prospects for peace and for our broader regional strategy. This suggests a central point: the interrelationship between threats and events in different theaters. If we are to act with coherence and consistency, these interrelationships must be reflected in our own policies.

Latin America and the Caribbean. For Central America, the Caribbean, and South America, we are recommending a total program of $212.6 million. Especially noteworthy are our efforts to support the Duarte government in El Salvador, which we believe offers the best chance for a resolution of that country's conflicts.

The benefits of our security assistance program will be limited unless we have the necessary flexibility to use these resources effectively and efficiently. This includes being responsive to unforeseen and rapidly changing events. It is impossible, in March 1981, to predict with certainty where crises may erupt in the coming months. We are, therefore, proposing special requirements funds for the economic support funds and military assistance program and a number of amendments to legislation that would facilitate the achievement of our policy objectives. If we have the capability to respond quickly and adequately in those cases where security assistance would make the difference, the need for U.S. direct involvement might be reduced or eliminated.

I want to stress that giving us the capability to deal with contingencies is not a vehicle for denying Congress its proper and necessary role regarding policy oversight of security assistance programs. Rather, both branches should address seriously the relationship of these programs to our policy objectives and, working together, insure that relevant legislation and funding authorities facilitate rather than constrain achievement of these objectives.

Development Assistance

While security assistance is specifically designed to shape events and address short-term problems in countries and regions of major political importance to the United States, development assistance provides the United States with other opportunities to influence economic, social, and political change abroad.

We remain committed to a strong development assistance program as an integral element of our overall policy toward our international economic and security objectives. U.S. foreign policy interests should guide our allocation of foreign aid. But the humanitarian aspects of the development assistance program should not be overlooked. As a cooperative partner helping to meet the needs of the developing countries we will contribute to the achievement of a variety of key U.S. foreign and economic policy goals.

In our budget submission to Congress, a $1.9 billion Agency for International Development program is requested. Over 50% of the proposed development assistance program will be used to alleviate malnutrition and hunger.

Multilateral Development Banks. Over the past two decades, a growing percentage of U.S. official aid has gone to support multilateral development banks. We intend to meet our existing obligations to these institutions as we move, in an evolutionary way, toward a greater emphasis on bilateral rather than multilateral assistance. In this process, we shall keep in mind that multilateral institutions carry out two major functions.

- First, they mobilize additional capital from other donors for economic progress in developing nations, nations that are important to U.S. security and economic interests.
- Second, they foster increasing efficiency in the international economic system by encouraging developing countries to adopt Western, market-oriented development policies that improve productivity.

The President is, therefore, requesting appropriation of $1.48 billion for multilateral development bank subscriptions and contributions for FY 1982. Because this request has been held to the minimum, it is essential to have your support for the full amount specified.

International Organizations and Programs. Voluntary U.S. contributions to international organizations and programs are another important element of our foreign development assistance strategy. Among the important efforts in this area are the U.N. Development Program (UNDP) and the U.N. Children's Fund (UNICEF). These activities provide basic technical, health, and educational assistance to developing countries.

State Department Budget

Before concluding my statement today, I would call your attention to a crucial tool for the execution of our foreign policy: the budget of the Department of State. The FY 1982 request for the Department reflects our commitment to economize. The entire $2.5 billion proposed budget is essential if we are to discharge our global foreign affairs responsibilities.

Conclusion

The program presented to you today represents our best judgment of the resources required to carry out our activities in these austere times. Cuts were made in the development assistance programs totaling over $1 billion, a 26% reduction from the previous budget – equaling if not exceeding reductions proposed for the domestic agencies.

For the past 2 years Congress has failed to enact a foreign aid appropriations bill. This has caused us substantial difficulties. We have been forced to neglect vital aspects of our assistance programs; U.S. foreign policy interests have been undermined. We should work together in the authorization and appropriation of these FY 1982 foreign aid requests to assure a U.S. partnership with the nations that strengthen our common economic and security interests.

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[1] Press release 69. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Whether, in fact, the assets are ultimately returned to Iran will be for the courts to decide, as the agreements made clear. Moreover, the regulations will expressly permit those family members whose assets are frozen as much money as they need for personal expenses.

The banks seem to be satisfied with the agreements and stand to be paid in full - something that was by no means assured previously. The principal concern of the contract claimants is that Iran may not pay awards made by the arbitration tribunal. However, under the terms of the agreement, arbitral awards against Iran would be enforceable against its assets in any country. Iran has waived its sovereign immunity defense with respect to awards made by the arbitration tribunal. Because of its dependence on oil sales, Iranian assets would be available in a number of countries for satisfaction of arbitral awards. Access to Iranian assets and satisfaction of the American contract claims were by no means legally assured prior to the taking of the hostages, either.

Most of those with claims upon Iranian assets now understand and are reasonably satisfied with these arrangements. Others may have a different view, however, and some will go to court to try to keep Iranian assets here or to delay the transfer of the funds. In general, we believe the agreements provide for more certain protection of claimants' interests than was enjoyed previously.

On the question of hostage claims, we have concluded that given our sovereign immunities law, the former hostages stand little chance of successful litigation against Iran. Thus, our obligation under the agreements to block hostage claims against Iran will have little practical effect. When the agreements were being negotiated the hostage families themselves made clear that they did not want the claims issue to impede the earliest possible release of the hostages. Nevertheless, the Administration believes that the question of compensation should be considered in the context of compensation given other government servants who have endured similar hardships, such as prisoners of war and other ex-hostages. President Carter created a commission to make recommendations on the issue of hostage compensation by the United States - the Administration now has the question of this commission and its mandate under active review.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S.-European Initiative

DEPARTMENT STATEMENT, MAR. 4, 1981[1]

We have made plain that this Administration supports the ongoing peace process and intends to build on it in seeking a comprehensive settlement of the Arab-Israeli conflict.

We feel that the talks over the past days here with our European allies have confirmed that all of us have a major interest in achieving peace in the Middle East and strengthening security against the Soviet threat there. We are confident that they understand the importance of taking no action that would undercut the peace process.

We particularly welcome Prime Minister Thatcher's public remarks here that the efforts of the European Economic Community 10 are meant to be complementary to efforts being made by the United States to move toward the comprehensive settlement we all seek.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

Suspension of Litigation Against Iran

EXECUTIVE ORDER 12294, FEB. 24, 1981[1]

By the authority vested in me as President by the Constitution and statutes of the United States, including Section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702), Section 301 of Title 3 of the United States Code, Section 1732 of Title 22 of the United States Code, and Section 301 of the National Emergencies Act (50 U.S.C. 1631), in view of the continuing unusual and extraordinary threat to the national security, foreign policy and economy of the United States upon which were based the declarations of national emergency in Executive Order No. 12170, issued November 14, 1979, and in Executive Order No. 12211, issued April 17, 1980, in light of the agreement with the Government of Iran, as reflected in the Declarations of the Government of the Democratic and Popular Republic of Algeria dated January 19, 1981, relating to the release of United States diplomats and nationals being held as hostages and to the resolution of claims of United States nationals against Iran, in order to implement Article II of the Declaration of Algeria concerning the settlement of claims and to begin the process of normalization of relations between the United States and Iran, it is hereby ordered that as of the effective date of this Order:

Section 1. All claims which may be presented to the Iran-United States Claims Tribunal under the terms of Article II of the Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran, and all claims for equitable or other judicial relief in connection with such claims, are hereby suspended, except as they may be presented to the Tribunal. During the period of this suspension, all such claims shall have no legal effect in any action now pending in any court of the United States, including the courts of any state or any locality thereof, the District of Columbia and Puerto Rico, or in any action commenced in any such court after the effective date of this Order. Nothing in this action precludes the commencement of an action after the effective date of this Order for the purpose of tolling the period of limitations for commencement of such action.

Sec. 2. Nothing in this Order shall require dismissal of any action for want of prosecution.

Sec. 3. Suspension under this Order of a claim or a portion thereof submitted to the Iran-United States Claims Tribunal for adjudication shall terminate upon a determination by the Tribunal that it does not have jurisdiction over such claim or such portion thereof.

Sec. 4. A determination by the Iran-United States Claims Tribunal on the merits that a claimant is not entitled to recover on a claim shall operate as a final resolution and discharge of the claim for all purposes. A determination by the Tribunal that a claimant shall have recovery on a claim in a specified amount shall operate as a final resolution and discharge of the claim for all purposes upon payment to the claimant of the full amount of the award, including any interest awarded by the Tribunal.

Sec. 5. Nothing in this Order shall apply to any claim concerning the validity or payment of a standby letter of credit, performance or payment bond or other similar instrument.

SEC. 6. Nothing in this Order shall prohibit the assertion of a counterclaim or set-off by a United States national in any judicial proceeding pending or hereafter commenced by the Government of Iran, any political subdivision of Iran, or any agency, instrumentality, or entity controlled by the Government of Iran or any political subdivision thereof.

SEC. 7. The Secretary of the Treasury is authorized to employ all powers granted to me by the International Emergency Economic Powers Act and by 22 U.S.C. § 1732 to carry out the purposes of this Order.

SEC. 8. Executive Order Nos. 12276 through 12285 of January 19, 1981, are ratified.

This Order shall be effective immediately and copies shall be transmitted to the Congress.

RONALD REAGAN

MESSAGE TO THE CONGRESS, FEB. 24, 1981[1]

Pursuant to Section 204(b) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(b), I have today exercised the authority granted by this Act to suspend certain litigation against Iran.

1. The circumstance necessitating the exercise of this authority is the implementation of the Claims Settlement Agreement between the United States and Iran. After a complete review of the agreements with Iran leading to the release of the hostages held by Iran I have decided to implement them.

This order is part of a series of actions necessary to resolve the national emergencies declared in Executive Order 12170 of November 14, 1979 and in Executive Order 12211 of April 17, 1980 and described in reports submitted to Congress under the IEEPA by President Carter on November 14, 1979; April 7, 1980; April 17, 1980; and January 19, 1981.

2. Although the hostages have been released, financial and diplomatic aspects of the crisis have not yet been resolved and continue to present an unusual and extraordinary threat to the national security, foreign policy and economy of the United States.

3. Thus claims which may be presented to the Iran-United States Claims Tribunal are suspended in accordance with the terms of the attached Executive Order pursuant to the terms of the Claims Settlement Agreement, and my powers under Article II of the Constitution, Section 1732 of Title 22, known as the Hostage Act, and Section 203 of IEEPA.

I am also ratifying earlier Executive Orders signed by President Carter on January 19, 1981 to remove any doubt as to their effect, an issue that has been raised in recent litigation challenging them. In this connection I note that Executive Orders 12276 through 12285 were all signed by President Carter and made effective while he was still in office. The Report to Congress required by IEEPA dated January 19, 1981 indicates that some of the Executive Orders were not signed until the release of the hostages, an event that did not occur until after the end of his term. The report, which was prepared in advance, did not, because of the press of circumstances, reflect events precisely as they occurred and to that extent it stands corrected.

4. The present Executive Order is necessary for the United States to meet its obligations under the Claims Settlement Agreement to peacefully arbitrate certain claims.

5. The action is taken with respect to Iran for the reasons outlined above.

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Mar. 2, 1981. ■

Nuclear Cooperation With EURATOM

EXECUTIVE ORDER 12295, FEB. 24, 1981[1]

By the authority vested in me as President by the Constitution and statutes of the United States of America, including Section 126a(2) of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2155(a)(2)), and having determined that, upon the expiration of the period specified in the first proviso to Section 126a(2) of such Act and extended by Executive Order 12193, failure to continue peaceful nuclear cooperation with the European Atomic Energy Community would be seriously prejudicial to the achievement of United States non-proliferation objectives and would otherwise jeopardize the common defense and security of the United States, and having notified the Congress of this determination, I hereby extend the duration of that period to March 10, 1982.

RONALD REAGAN

LETTER TO THE CONGRESS, FEB. 24, 1981[2]

The United States has been engaged in nuclear cooperation with the European Community for many years. This cooperation was initiated under agreements concluded over two decades ago between the United States and the European Atomic Energy Community (EURATOM) and extends until December 31, 1995. Since the inception of this cooperation, the Community has adhered to all its obligations.

The Nuclear Non-Proliferation Act of 1978 amended the Atomic Energy Act to establish nuclear export criteria, including a requirement that the United States have a right to consent to the reprocessing of fuel exported from the United States. Our present agreements for cooperation with EURATOM do not contain such a right. To avoid disrupting cooperation with EURATOM, a proviso was included in the law to enable continued cooperation until March 10, 1980, and provide for negotiations concerning our cooperation agreements.

The law also provides that nuclear cooperation with EURATOM can be extended on an annual basis after March 10, 1980, upon determination by the President that failure to cooperate would seriously prejudice the achievement of United States non-proliferation objectives or otherwise jeopardize the common defense and security and after notification to the Congress. President Carter made such a determination last year and signed Executive Order 12193, permitting continued nuclear cooperation with EURATOM until March 10, 1981.

The United States has engaged in three rounds of talks with EURATOM regarding the renegotiation of the US-EURATOM agreements for cooperation. These were conducted in November 1978, September 1979, and April 1980. Progress has been made toward clarifying the issues relating to these agreements, and the talks will be continuing.

I believe that it is essential that cooperation between the United States and the Community continue and likewise that we work closely with our Allies to counter the threat of nuclear explosive proliferation. Accordingly, I have determined that failure to continue peaceful nuclear cooperation with EURATOM would be seriously prejudicial to the achievement of United States non-proliferation objectives and would jeopardize the common defense and security of the United States. I intend to sign an Executive Order to extend the waiver of the application of the relevant export criterion of the NNPA for an additional twelve months from March 10, 1981.

Sincerely,

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Mar. 2, 1981.

[2] Identical letter addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation of Mar. 2). ■

trator, Bishop Arturo Rivera y Damas' February 7 homily brings home the same point: "We cannot affirm that civilian population is with the government, but it is a fact that the people are accepting it at least as the lesser of two evils."

Following the failure of the strike in August 1980, the left realized that it had little popular support and turned increasingly from political action to outright terrorism. Under Cuban counseling and assistance, they burned crops, businesses, and buses and murdered hundreds of people while they prepared themselves for a military campaign to topple the government. From Communist sources a massive supply of arms was shipped via Cuba to Nicaragua for delivery to El Salvador. But even with their stockpile of military materiel, the guerrillas' so-called final offensive failed. Their greatest failure, however, was not military, it was political – they did not have popular support.

Nevertheless the offensive still inflicted losses upon the government, causing it to draw down its stocks of arms, ammunition, rations, uniforms, and transport vehicles to dangerous levels. On January 17, for the first time since 1977, the United States began to ship lethal military items to El Salvador, including arms and munitions, C-rations, uniforms, and six leased helicopters to increase the mobility of Salvadoran troops. Our January 17 emergency increase in FY 1981 military assistance (equipment and training) from $5.4 million to $10.4 million was not sufficient to permit the government to meet the threat of the foreign-supplied guerrillas for the remainder of the year.

We are now in the process of increasing the amount by $25 million to provide additional helicopters, to equip new quick-reaction forces, and to increase mobility and communications as well as provide needed spares and ammunition. The current FY 1981 $63 million for economic assistance will also require substantial upward adjustment. The additional amount needed will depend on the level of fighting and violence during the rest of the year and the response to the Salvadoran Government's requests for funds from the international financial community to reconstruct its economy.

Obviously, El Salvador continues to face significant problems. Some try to present the complex issues as a choice between a "political solution" or a "military solution." There cannot be a simple "military solution" for the Duarte government. That government is political. Its program is political. But it is faced, in addition to serious political, social, and economic dislocations, with a major military confrontation which could be decisive in determining the future of the country. If the Duarte government cannot make judicious use of sufficient forces to make it possible to hold its programmed elections and complete its projected reforms, there will be a military solution – one imposed by the armed left, which will create in El Salvador a totalitarian state hostile to both its neighbors and the United States.

We agree with President Duarte that his government is not a permanent repository of power in El Salvador. We look upon it as a transition to democracy. We believe the future of El Salvador should be determined at the ballot box not at the end of a gun.

We are now engaged in a detailed study of our policy options in El Salvador and the region, taking into account the critical situation there and the threat posed by international communism. We are consulting widely among our allies in Europe and Latin America. We shall also be consulting regularly with the Congress.

In addition to the $5 million in foreign military sales credits as well as $20 million in grants which have been determined essential to assisting the Salvadoran Armed Forces to meet the threat posed by the Cuban-armed leftist guerrillas, we are deploying a small number of additional military training teams. These five-man teams will train the new reaction forces; one six-man team will help get the small-boat Navy functioning; five men will be added to the operations planning team, and five will supplement the Milgroup [military group] in its much larger logistics duties.

Additional economic assistance will be needed to help the Salvadoran Government weather this crisis and begin the process of reconstruction. We would appreciate any views you may have on the best ways to finance additional requirements. We are prepared to answer your questions concerning recent events in El Salvador and listen to your views regarding what approaches we might consider to meet the problem.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] Text of the report was printed in the BULLETIN of March 1981, p. 1. ■

El Salvador

DEPARTMENT STATEMENT, FEB. 18, 1981[1]

Our policy toward El Salvador has both a military and political component. El Salvador is in the middle of a major struggle to preserve its very existence from the threat of a terrorist insurgency supported from the outside. The government's most immediate priority, therefore, is to insure the stability and security of the country. Our focus on the security issue in recent weeks stems from this objective reality.

The Government of El Salvador remains committed to carrying out basic economic and political reforms, including elections in 1982-83. The United States continues to support strongly these reforms, which include agrarian and banking reforms, promotion of employment, and encouragement of the private sector. In FY 1980 and FY 1981, the United States provided over $123 million in economic assistance, primarily to help the Government of El Salvador implement these reform programs.

The successful implementation of these reforms would provide the Government of El Salvador with broad popular support and facilitate a transition to an elected government. Until the violence is controlled, however, such a transition is difficult to make. That is why the Government of El Salvador is concentrating its efforts on countering the terrorist forces.

Violence is the enemy of all democratic change, of individual rights, and of economic progress. Those who are responsible for the violence and terrorism, with arms support from Cuba and other countries, are the real obstacle to negotiations. We continue to impress upon the Government of El Salvador the importance of controlling violence, whatever its source.

In El Salvador, an end to the present suffering and violence would permit that nation to get on with the task of economic reconstruction and progress. The United States, with its long tradition of democratic change, recognizes the need for and supports peaceful and democratic change in El Salvador.

DEPARTMENT STATEMENT, MAR. 2, 1981[1]

The Government of El Salvador has successfully resisted the major offensive that was launched against it in January using the massive influx of arms that have been provided from Cuba and other sources. However, the insurgents are regrouping, and massive quantities of arms remain in their hands either inside El Salvador or they have reason to expect that additional arms are waiting to be smuggled in.

We want to improve as much as possible the government's ability to deal with this problem. The original U.S. assistance program for El Salvador was not designed to cope with the level of external arms assistance that now confronts the government of that war-torn country. The Administration of President Carter, in its final weeks, began emergency measures to increase the level of arms assistance available to the Government of El Salvador, including the first shipments of lethal U.S. arms to that country.

As part of our on-going review of the situation there, we have decided to provide an additional $25 million of security assistance for fiscal year 1981. This assistance will permit the Government of El Salvador to acquire additional helicopters, vehicles, radar and surveillance equipment, and small arms. In addition to this materiel assistance, we will be augmenting our present training and assistance teams with the addition of four five-man training teams. These four teams will train Salvadoran personnel in communications, intelligence, logistics, and in other professional skills designed to improve their capabilities to interdict infiltration and to respond to terrorist attacks. U.S. personnel will not accompany Salvadoran units outside their garrison areas. Nor will U.S. personnel participate in any combat operations. Because training and the absorption of new equipment takes considerable time, we are proceeding now with these immediate steps while we continue our broad review of the full range of Central American policy issues.

The immediate focus on these security-related measures do not and should not distract attention from the fact that the fundamental problem that we face in El Salvador is to maintain the pace of economic and political progress in the face of deliberate efforts by the left-wing insurgents to disrupt that progress and to force the government into a preoccupation with security concerns. With the Government of El Salvador, we are examining that country's economic needs. We anticipate that increases of the present assistance level of $63 million for fiscal year 1981 may be necessary in order to assist the government in stabilizing the economy and maintaining basic economic reforms.

Violence is the enemy of all democratic change, of individual rights, and of economic progress. Those who are responsible for violence and terrorism with arms support from Cuba and other Communist countries are the real obstacle to peace and progress. In El Salvador an end to the present suffering and violence would permit that nation to get on with the task of economic reconstruction and progress.

The United States, with our long tradition of democratic change, recognizes the need for and supports peaceful and democratic evolution in El Salvador. The Government of El Salvador has already stated its commitment to fair and credible elections. The military, as well as the private sector, labor, and peasant groups, support honest elections. We strongly support elections as the most plausible long-term political solution to the crisis.

DEPARTMENT STATEMENT, MAR. 6, 1981[1]

Yesterday the Government of El Salvador took a major step in initiating the electoral process, which is an integral and key element of its program to lead the country to peaceful democratic rule. A national electoral commission, installed yesterday, will begin immediately to prepare for the elections scheduled next year. We strongly support this progress toward elections. We believe these elections will permit the people of El Salvador to choose their leaders and determine the future of their country.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

Department of State

bulletin

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Q. The guerrillas of another sort operating in Angola, in fact, it is a reverse situation, you have a leftist government, you have guerrillas that are non-Communist, the Administration has called for repeal of the Clark amendment which prevented the United States from assisting guerrillas. Possibly looking for some consistency or wondering about consistency, what is the Administration's intentions toward those guerrillas, and isn't that an external application to a domestic situation? Put another way, why does the United States have a right to do something in another country that the Soviets don't have the right to do?

A. I'm glad you asked that question, because there has been a lot of speculation, some of which is misinformed, with respect to our future policies toward Angola. As you know, we have asked, along with a number of other legislative reforms, that we lift the so-called Clark amendment. We've also asked for additional modifications of restrictions on executive power that involve Pakistan and which involve Argentina. This is a matter of principle.

Now, having said that, let me assure you that a unilateral restriction of American policy options in dealing with a dynamic and dangerous situation of the kind that exists today in southern Africa, automatically *a priori*, deprives us of the kind of influence we would want in our efforts in the future to seek a negotiated peaceful outcome of southern African problems, including Namibia, and ultimately and above all, the withdrawal, promptly, of Cuban forces from Angola.

Q. Word is beginning to leak out that a mission will be going to southern Africa, headed by Mr. Crocker [Chester A. Crocker, designate for Assistant Secretary for African Affairs], will that mission go to Angola, and how will you deal with the problem of telling that government about this principle?

A. As I have been stating publicly up until now, we have been in the process of a very thorough review of America's southern African policies. We've completed the first phase, and we'll now move into a second phase which involves some active diplomacy, and that will indeed include some travel by American officials to the area. It will involve discussions with the front-line states [Angola, Botswana, Mozambique, Tanzania, Zambia, Zimbabwe], with South Africa, and with the so-called "Five" – our European partners [France, Federal Republic of Germany, and the United Kingdom], Canada, and ourselves, that have been involved in the U.N. process on Namibia.

Now, it would be premature for me to disclose today precisely who the discussions will be held with and the particular venues or timing, but this will happen very shortly, and I think it will tend to disabuse a number of elements in our country who have been both concerned and incredulous about some dramatic shifts in American policies in southern Africa, which are not justified. We will pursue our own policies, and they will be different from the previous Administration's but not in the context of some of the speculative stories that you have read recently.

Q. The first visitors to Washington these last few months have tended to be what Ambassador Kirkpatrick [Jeane J. Kirkpatrick, U.S. Representative to the United Nations] has called the oppressive authoritarians – the South Koreans, the Argentines, etc., and the South Africans, this week – albeit undercover. The – many people feel that your policies of countering the Soviet Union are very well taken, but they question whether we are not going overboard in the other side in supporting these sorts of countries so enthusiastically. Are we doing that?

A. I think in some respects that's a bum rap. I think the first thing that I want to make clear to our viewers is that it's been our experience that one deals with contesting parties on any issue best through a normal relationship of confidence and friendship, not by isolation and the creation of paranoia. Inevitably, any negotiating process is best served by that kind of a relationship. Now, you will note that this past week I met with the Foreign Minister of Nigeria, who I don't think you would categorize as a repressionist, authoritarian diplomat. We have spoken to all sides, and we will speak to all sides. And we will hope in the period ahead to create a degree of confidence in all sides, that our efforts in the direction of peaceful solutions are going to be credible and will be able to influence the outcome of events rather than to indulge in high-profile public condemnations of policies we don't like. These condemnations should take place in the quietude of diplomacy and not be tests of manhood, to refer to that term again.

Q. In these meetings, for instance with the South Koreans and the Argentines, were points put forward to deal with the human rights violations? In effect, is it being dealt with in the quiet of diplomacy, as you suggest?

A. The very act of suggesting that to be the case would be a violation of the requirement that we not divulge these things publicly. Let me assure you that with respect to Korea, our historic relationship with that government is going to be strengthened and broadened in the period ahead. We are not oblivious to violations of human rights or other individual freedoms that we seek to aspire and which we have been assured the current leadership seeks to broaden itself, and I think recent activities by that government confirm that.

The same would apply specifically to Argentina, where we had extensive forthcoming and most cordial discussions with President Viola, and I think even the experiences of our sharpest critics on the Hill would have confirmed that this is a modern, enlightened man, with whom we best work in a constructive way. Isolation and the creation of insecurity creates the intractable attitudes that have resulted in no progress in the past.

Q. The national security adviser, Richard Allen, spoke last week and, in talking about Western Europe, said there is outright pacifist sentiment there. The last national security adviser spoke about European self-Finlandization, which pretty much comes to the same thing. Do you share these views? Do you feel that they cut across your efforts to improve relations with our West European allies?

A. I would first want to emphasize that our relationships with our Western European partners have never been as good or as promising as they are today, and I say that after the intimate and lengthy discussions we have held with the key foreign ministers from Europe, from Canada, and there is a total convergence of view.

Now, we have these same sentiments that Mr. Allen talked about in Europe in our own country. All of these leaders in Europe preside over tightly balanced constituencies and, of course, there are some worrisome overtones that have been evident for a decade or more. Our problem is to work quietly with our friends and allies in Europe to try to develop a consensus of concern about the threats facing us all, including the one Mr. Allen touched upon with which I wouldn't care to give a value judgment.

But this is the way that we are going to succeed in the period ahead, and I'm very confident that that's the policy of Mr. Reagan, and it is certainly the policy of our Department of State, at this juncture.

Q. Do you feel—and I don't want to throw too simplistic sounding a question at you when we have less than a minute to go—but is it your view that the United States and the Soviet Union can indeed coexist peacefully, or do you feel the Russians are out for what used to be called world domination?

A. I've often said that a question of that kind is irrelevant. The simple facts are that we are in competition in a number of fundamental areas and that will result in competition and confrontation for the period ahead. What is important is that our Soviet partners in this duality, at long last, recognize that they must abide by international rule of law and not indulge in the kind of illegal interventionism that they have been indulging in in the period past, at an increasing level and with great dangers to world peace.

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[1] Press release 85 of Mar. 31, 1981.■

Interview for Spanish Television

The following interview with Secretary Haig was held in the Department of State on March 30, 1981.[1]

Q. You are going on your first trip overseas as Secretary of State. What is the reason to stop in Spain?

A. Basically, of course, the stop is a demonstration of a continuing dialogue between the United States and Spain. I will seek to report not only on the consequences of my Middle Eastern trip but, more importantly, to discuss bilateral relationships between our two governments and to emphasize, as strenuously as I can, the support of this government for the democratic process in Spain which has been the subject of some controversy recently.

Q. Going back to the events of February 23, there is some inspiration or perhaps some misunderstanding in the political circles and also in the Spanish press about the real meaning of your first public reaction in the State Department about the events there. Would you care to comment on this?

A. Clearly, as a consequence of misinformation or mischief, the question was asked of me the morning that we had the first reports of some kind of controversy in your Parliament. We knew nothing of the situation, and I made the offhand comment that this is an internal matter and clearly indicated we had to find out what it was all about before any judgment or any comment would be made.

At that time, there was no knowledge here in Washington, nor was there any knowledge in our Embassy in Madrid with Ambassador Todman, as to either what the situation was all about, what the motivations for it were, what the objectives of the so-called disturbance in the Parliament were to have been. This was clearly the proper position to take at that time.

Subsequently, when we learned the true character of the situation, our pronouncements were clear, both to your government, to His Majesty, a message from the President. And I know of no one in the U.S. Government, myself included, who would ever depart from the overall objective of supporting the democratic process in Spain, which we both admire and which we seek to see carried forward.

Q. But do you really have the idea also that the special sensibility in Spain about any word that comes from Washington, especially when our democracy is in trouble—and we think we can also talk on the side of the Latin American democracies? Do you think that this comment is a clear sign of the Reagan Administration of support of democracy [inaudible].

A. I think, clearly, anyone who is following American policies day-to-day knows that the U.S. Government is at the vanguard of those democratic nations which are seeking an extension and broadening of the democratic process. That includes continued concern, of course, about the achievement of human rights and basic human values that are the inherent aspects of the democratic process.

With respect to Latin America, I have had visitors here such as the Prime Minister of Jamaica, who just recently presided over an electoral return to the democratic process. We have had the President of Mexico. The first visit Mr. Reagan made, even before his inauguration, was with President Lopez Portillo of Mexico. There will be a followup meeting in a few weeks between the two leaders.

I think nothing is higher on the American agenda than the achievement of the democratic process worldwide. On the other hand, we have felt that in the recent past, there has been too much public condemnation of traditional friends and allies who do not enjoy the same level of democratic freedom that we do here in the United States. We feel that this is best handled in a quiet, diplomatic dialogue rather than by criticism and condemnation publicly in the isolationist regimes that are seeking to broaden their base.

Q. You mentioned before that Ambassador Todman was there. There was also some criticism about him in the Spanish press. Do you think that Mr. Todman has the full confidence of the State Department?

A. Mr. Todman is one of our most respected diplomats, and he does enjoy our full confidence. I can assure you that Ambassador Todman knew nothing of the situation developing in your country before the fact, and that perhaps is a contributor to the controversy with respect to my area of competence, that it should be a multinational contribution, but I don't rule out American participation because it may end up being the only way we can get some sort of force put together.

Q. We're talking about three battalions or so?

A. I wouldn't even think that many. You could make some estimates, but the parties have to show for this.

Q. Have the Pakistanis responded favorably to the aid package we put to them?

A. I would hold up answering that, realizing their attitude toward it. The Pakistanis are in a very difficult position. They're under great pressure on the Afghan thing; they've taken a very courageous position on it; they're a target of their own. If you're going to talk, you have to have something to talk with. Their initial reaction was quite favorable, but it's been more reserved recently.

Q. What do you envision out of the Nigerian visit?

A. I think an extensive exchange of views, more perception, from which we learn the situation in southern Africa. We certainly hope to achieve a reaffirmation of greater and more constructive bilateral relations, which are of benefit to both countries for a host of reasons of which you know. As you know, we're conducting a southern Africa review which is nearing completion—at least the first phase of it—and it's very helpful to me to have this meeting in the context of that [review], extremely helpful.

Q. Have the Nigerians signaled that they are overly alarmed by Mrs. Kirkpatrick's [Jeane J. Kirkpatrick, U.S. Ambassador to the U.N.] activities?

A. I think there's unsettlement throughout the southern Africa states, the front-line states, and the other black African states. Clearly, most of that unsettlement comes from uncertainty. And I think some of those uncertainties can be stripped away in the very near future.

Q. Will you give reassurances today about broad policy thrusts?

A. In a broad sense, yes.

Q. Because I had the impression from your remarks yesterday that you would pick up Namibia talks where they were left off by the previous Administration.

A. I've had a series of discussions with European allies and Canada and here.

Q. Am I right in deducing that you are planning on picking up the threads of the negotiations?

A. You can speculate in that way and feel comfortable. But don't ask for a quote.

Q. A lot of areas—South Africa and elsewhere—have been under major review. Do you have any kind of timetable for ending that period of major review?

A. As I said, we are nearing completion of the first phase of the southern African review that we've talked about, and then we're going into another phase which would be somewhat more active and perceivable.

Q. Are you going to send somebody out to talk to them?

A. We might go into a diplomatic phase; we've been studying a host of other broad, longer term problems—East-West problems—both second track of theater nuclear forces and in a broader sense, SALT, but SALT has gone much more slowly because we haven't had our SALT team in—the Arms Control and Disarmament Agency guy. But that doesn't mean we've delayed. We've been doing our interdepartmental work on it. I suppose in some respects the pace of those things is governed also by the perceived need for completion. Those things that require an urgent resolution, we've had to deal with.

Q. [Soviet Ambassador to the U.S.] Dobrynin mentioned when he went out the other day that the dialogue had begun. Could you elaborate? Apart from simply meeting with him over the next weeks or months, what might be happening?

A. I think that's about where it will be. We don't have an Ambassador in Moscow. I would anticipate we would use our Ambassador somewhat more vigorously than he has been used in the past, in the concept of reciprocity, trying to get a balance in the activity between the Soviets and ourselves—a balance in venues and in full discussions. But it's true, the dialogue has started, and these talks go on pretty irregularly and are influenced greatly by the international situation and can add to the pace or slow it down.

Q. So you wouldn't anticipate any meeting between yourself and Gromyko, for example, before the U.N. General Assembly in September?

A. No.

Q. Do you have any indication that your campaign to make the Soviet link to terrorism an issue is making any headway with the Soviets or not?

A. Not with the Soviets, but our allies and a number of nations here are particularly vexed by this situation and very much welcome that we have put a spotlight on it. I think Americans themselves welcome the spotlight. It's been my view all along that we have not, internationally or collectively, sufficiently analyzed the implications of this situation and taken a stand with respect to it. That's not going to do. We all know that. And I think we're going to benefit from that.

Q. On talking to the Soviets, they seem to draw a very clear line between their support of wars of national liberation, which they think is fully justified and occasionally violent, and international terrorism, such as blowing up a theater or something like that. And that, they say, they support neither in fact nor in policy. Are we still saying that they do, in fact and in policy, support hijackings, blowing up theaters, that they plan and instigate that sort of thing?

A. Let's put it this way: That's why I talked here all about it's being oversimplified, and anything that you generalize on and compress tends to sweep away contradictions that can get nitpicked on later. But, I have described the strategy as a two-tiered one: They select a target in which the entire causes represent some hope for exploitation. So they move in the first year to try to seize control of those issues, and it's in that phase that terrorism, subversion, and covert activity is the basic approach. They may then attempt to exacerbate those conditions which are a reflection of internal injustices in many respects, anguishes, ethnic or any other kind—the kind we have in Spain or the kind we have in Ireland—economic problems of the kind we have in Italy and in that phase, it's an effort to develop in what in the classic Marxist terms is referred to as "a correlation of forces." And when that correlation of forces is ripe, they then apply the so-called wars-of-liberation philosophy in which they maintain and insist that the social causes are such that they are justified to intervene directly with massive infusions of arms, advisers, proxy forces, or, even worse, direct action, as we saw in the Ogaden, where the Soviet leadership is directing the Ethiopian forces.

If we were to ignore that sophisticated approach and give them carte blanche in the so-called wars of liberation because of justified social conditions in a target country, we've adopted a formula for disaster. And I must say, in both of those cases the tactics, techniques, and the training that they give to the forces of "liberation" involve all the things which I'm talking about – blowing up theaters, murder, slaughter of innocent civilians. And, of course, when the civil war aspect of it starts, then it becomes all the more evil, and I think we have to be very careful and not be immobilized so that we don't fail to see the interrelationship between these two tiers.

Q. But you're putting the emphasis on that scenario rather than on the fact that Carlos may have been trained at one time in the Soviet Union, that the Bader-Meinhoff gang may have links to the Soviet Union –

A. I think the emphasis has got to be applied across the board. Our nation is a product of revolution, and it's not a question in moral terms of whether the social injustices ever justify forceful change – that's the way a lot of people like to argue it and that's the basic Marxist philosophy, you see, in the salons. The basic issue is – the more fundamental issue is – if they're involved in the creation of the problem in the first place – the exploitation and distortion of it and then ultimately the direction, command, and control of it – then it doesn't represent a thrust of social justice at all. It's a formula for Soviet command and control over a particular target area; it's stripped of all its moral integrity, if it ever had any in the first place.

Q. I'd like to know, on whatever basis you'd like to tell us, why on Tuesday you made the remarks that you did, which seem to have set this whole thing off, when it seemed today that you were aware of what was happening and had probably already lost the battle? That you knew or that you hadn't lost the battle?

A. I wasn't aware of it. I had checked the day before.

Q. With the President?

A. No, I just wasn't aware of it.

Q. That's what a lot of people wondered why you did give them that answer.

A. It's a fact: I said yesterday that the President had one set of perceptions and I had another. Somebody had the total picture.

Q. Do you have any regrets now, having spoken out like that – having answered the question?

A. No, I answer questions truthfully if I'm asked. I answered it as truthfully as I could.

Q. You seem to have new ground rules with the President – set meetings with him each week, private meetings with him.

A. But that was set before yesterday.

Q. A few of your deputies, over the weekend up in Princeton, were giving background estimates of when SALT negotiations might resume, and one version was why the end of this year was conceivable, and the other was why it was not. I was wondering what the truth was.

A. [Laughter] I don't think anybody can say. The basic approach to this thing is, yes, we are going to continue with it. We have already committed ourselves to do so on theater nuclear forces arms control. The President has clearly said we're going to continue efforts toward verifiable balanced arms control in which we are looking for reductions that are meaningful. We have also felt that one of the aspects of it is the improvement of our own strategic situation. Now that doesn't mean that everything we're going to do has to be in place; what it does mean is that we're going to be better able to intervene with a new negotiating stance when appropriate [inaudible] has been received for the systems we anticipate we will have to have in our arsenal in the period ahead. Now that got a little twisted across the river – not intentionally – there's always a bit of imprecision when you answer questions like that. Nobody's saying we have to have all this buildup completed before we get into SALT; but we will feel much more confident about our ability to conduct these things realistically when we know we have support for the programs we're talking about in the strategic area, the decisions and the funding for them.

Q. So that really does rule out this year?

A. No, it won't take that long. We've got a defense budget on the Hill, and when that budget is in shape and we assess that – there will be a number of questions to ask. There's a largely discredited SALT II; we may seek to modify it, we may seek to scrap it and start all over again, we may seek something more comprehensive, or nibble at it by functional categories. These are the questions that are under consideration and have to the finalized on our side in conjunction with our assessment of the strategic discussions.

Q. Do you envision that the theater nuclear forces meeting next week will lead to negotiations shortly or soon?

A. We intend to move at a deliberate pace in conformance with the decision of December 1979. There are a number of issues that need to be resolved with our allies on approach and a number of calculations associated with this issue. The Brezhnev speech posed some new twists to it which we have rejected out of hand on a moratorium, and our allies have done the same. To freeze imbalance is not our view of negotiated arms control.

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[1] Press release 67.

[2] Press release 82. ■

allowances for our employees abroad. When fully executed, I believe the Foreign Service Act will provide a modern, simplified, and supportive personnel structure.

Another aspect of our request deserving special comment is the refugee program. We should be proud of our leadership in dealing with the relief and resettlement of refugees, and we are prodding other nations to help. The 1982 authorization request specifies additional resources for Afghan refugees in Pakistan and African refugee programs as well.

In addition to authorization of appropriations, our proposed bill includes certain statutory provisions, two of which are deserving of more attention.

- Section 103 would establish a selective nonimmigrant visa waiver, on a reciprocal basis, for eligible citizens of countries with the best records of compliance with our immigration laws. The waiver will increase equity in our worldwide consular dealings and, moreover, will help offset the evergrowing demands on our consular service.
- Section 104 would remove statutory restrictions on passport fees so that they could be adjusted administratively to cover costs associated with issuing passports. This provision would also extend passport duration from 5 to 10 years as a cost-saving measure.

Both of these changes are absolutely essential if we are to meet our statutory consular and passport workload requirements within the resources requested.

A final comment concerns the relationship between our resources and the Department's ability to conduct the foreign policy of the United States. Over the past several years, the Department's staff abroad has been seriously reduced while the presence of other agencies has grown. If we are to meet the complex challenges that confront us, the Department of State must have the necessary resources to pursue our objectives. The 1982 request has already been pared to the minimum, as befits these austere times. For this reason, I am asking your support and the support of your subcommittee to the full amount that we have requested.

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[1]Press release 71. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1982 Assistance Requests

by Michael Armacost

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 23, 1981. Mr. Armacost is Acting Assistant Secretary for East Asian and Pacific Affairs.[1]

It is a pleasure for me to appear today to discuss our economic and security assistance relationships in East Asia and to explain our FY 1982 budget request. I would like first to make a few general remarks setting the context in which we have developed our assistance policy for East Asia and the Pacific.

As you know, the Reagan Administration is deeply committed to strengthening the U.S. security posture throughout the globe, in response to the increasingly serious worldwide challenge posed by the Soviet Union in recent years. In Asia today, we have a number of broad concerns regarding the military and economic security of the region, ranging from increased Soviet military and naval power in the region, to Soviet-backed Vietnamese aggression in Indochina, to the need to protect the sea lanes which provide the vital flow of petroleum from the Middle East to our major Asian allies. A sound strategic posture in East Asia and the Pacific is an essential element of our global strength.

The year's security and economic development assistance programs for the region are directly related to the need to secure U.S. strategic interests in the Pacific and Indian Oceans as well as to protect the immediate security of those nations—Thailand, Indonesia, Malaysia, Korea, the Philippines, Burma, the Pacific Islands, Papua New Guinea, Singapore, and the Association of South East Asian Nations (ASEAN)—which will be receiving our aid. We believe that security and economic assistance to these countries serve well the political and strategic interests of the United States and constitute an appropriate and necessary adjunct to our expanding defense effort.

In FY 1982 we propose to increase certain aspects of security assistance programs in response to growing threats from the Soviet Union and its clients. Here are the highlights.

- We are requesting an overall aid level of $638.595 million, which represents an increase of $58.206 million over FY 1981 and is also slightly higher than was budgeted by the Carter Administration.
- We seek increases for Thailand, the Philippines, Indonesia, Malaysia, Singapore, and Burma, reflecting special needs in these countries.
- To maintain support for key friends and allies in the highly visible and politically important area of development assistance, we are proposing small increases in economic aid. Their modesty reflects our need to balance competing aims on a global basis and to adjust aid levels to fiscal restraints; but they will contribute to strengthening the recipients' postures in East Asia and thus enhance our security.
- We are also providing economic assistance to ASEAN itself, because it can play a key role in resolving the Kampuchean conflict, reducing the impact of the Soviet presence in the region, enhancing access to the Indian Ocean, assisting refugees, reducing narcotics trafficking, and insuring access to raw materials over trade routes vital to the United States and Japan.
- Our proposals for increases in foreign military sales (FMS) credits, international education and military training (IMET), economic support funds (ESF), and some direct credit at concessional rates take into account the reality that the recipient countries are shouldering larger and larger defense burdens during a period of economic hardship, one which is even more severe for developing economies than for the United States. The decline in grant aid or the military assistance program, substantial oil price increases, worsening debt-servicing problems, and inflated prices for military hardware and services have been among the key factors undermining the defense procurement programs of our East Asian allies and friends.

I would like to turn now to a country-by-country breakdown, stressing our interests in each recipient nation or – in the case of ASEAN – institution, providing the overall figures for each type of assistance, and explaining the justification for these various requests.

Republic of Korea

U.S. security is vitally dependent upon the preservation of peace and stability in Northeast Asia in general and the Korean Peninsula in particular. Our aid in this area is focused on the Republic of Korea. For several years now there has been a considerable increase in the size and capabilities of North Korean forces, posing a formidable threat to the security of the South. The evidence continues to indicate that North Korea has not ruled out the use of force, given the appropriate opportunity, to reunify the peninsula.

Our contribution to South Korean security consists of a commitment embodied in the Mutual Defense Treaty of 1954, the maintenance of U.S. forces in Korea, an extensive FMS cash and credit program, IMET, and technical cooperation in the development of selected Korean defense industries. Current unforeseen Korean economic and fiscal problems brought about by worldwide recession and oil price-driven inflation make U.S. cooperation more important than ever in order to prevent further slippage in Korea's force modernization program.

We are proposing a $167.5 million FMS program for FY 1982 which, while it remains the largest in East Asia, is very lean considering Korean requirements. Current and proposed levels of FMS help maintain the priorities of South Korea's force improvement program by financing essential equipment acquisitions. The major systems which Seoul is expected to purchase with FMS financing include a tactical air control system, radar equipment, Harpoon missile, a further increment in the program for the coproduction of F-5E/F aircraft, and part of the F-16 purchase.

Increased IMET – $1.8 million in FY 1982, up from $1.2 million in FY 1981 – help South Korean forces acquire the requisite training in management, command, and control of large forces and employment of modern weapons systems. The need for this training increases as the Korean forces become more self-sufficient.

Within the Southeast Asian region, which is poorer and less homogeneous than Northeast Asia, U.S. aid is spread among a number of recipients to promote a variety of U.S. interests, from maintenance of U.S. basing in the region, to countering the very palpable threat of Soviet-Vietnamese aggression, to advancing security interests along major sea lines of communication.

The Philippines

Overall, the Phillippines is the largest recipient in the region. This is not only a country of longstanding security value to the United States but one whose importance has been underlined by events of recent years. Our ability to project power across the Pacific to Southwest Asia, in a crisis, is enhanced by our continued unhampered use of Clark Air Force Base and Subic Naval Base. We refuel and reprovision carrier battle groups at Subic Bay before sending them to the Indian Ocean. Clark Air Force Base is the only facility on the Pacific route from which a fully loaded C–5A transport can fly nonstop to Diego Garcia.

U.S. security assistance is widely regarded by the Philippine Government and people as *quid pro quo* for the use of the facilities at Clark and Subic. Former President Carter, in a letter to President Marcos at the time of the 1979 amendment to the Military Bases Agreement, pledged the Administration's "best effort" to provide a total of $500 million in security assistance over a 5-year period. We have appreciated the favorable congressional actions which have given substance to this pledge over the past 2 years, and we ask your support again for our $100 million request for FY 1982, as well as for $1.3 million in IMET funds included in this year's request.

We have also requested $38.8 million in economic development assistance for the Philippines. This is modest in relation to the country's needs and the nature of our strategic and political interests and commitment. While real GNP in the Philippines grew by 4.7% in 1980, inflation averaged 18%. The country has been running large trade and current account deficits and borrowing on international financial markets to achieve its growth targets. Debt levels consequently have been rising steadily. Continued borrowing is likely. Increasing prices for oil imports and erratic commodity prices for the country's exports have hit the Philippines hard, in spite of generally good management of the economy.

Thailand

Preservation of Thailand's security, stability, and independence will be critical for the maintenance of peace and the security of U.S. interests in the Southeast Asian region. President Reagan has reaffirmed our commitment to Thailand under the Manila pact and has made clear our continued support for Thai security needs. Thailand, as well as its ASEAN neighbors, regard our willingness to back such rhetorical assurances with more concrete contributions to Thai security as a litmus test of our attitudes toward the region.

Our bilateral assistance to Thailand is a necessary mix of security and development assistance, ESF, and refugee relief. Any element by itself is insufficient to achieve our objectives. Thailand's security is threatened not only by external aggression but could also be imperiled by a failure to sustain economic growth and to respond as to the rising expectations of its people. The government is making a conscious effort to reduce inequities of wealth and income distribution and to improve standards of living in rural areas. Prime Minister Prem has acknowledged that rural development is a primary objective.

We are seeking assistance increases for Thailand this year, in recognition of the increased military threat from Vietnam. Two hundred thousand Soviet-supplied Vietnamese troops now occupy Kampuchea and operate in strength along the Thai-Kampuchean border. During 1980 Vietnamese forces in western Kampuchea were strengthened to over 80,000 troops. Small Vietnamese units have frequently carried out reconnaissance missions into Thailand, and in June a clash between intruding Vietnamese troops and Thai defenders produced numerous casualties. Vietnamese forces heavily outnumber defending Thai forces and are capable of mounting stronger incursions at any time.

The U.S. security assistance program is designed to assist Thailand in providing for its own security by making the necessary force improvements to present a plausible deterrent to Vietnamese forces, while continuing to contain and reduce the threat posed by domestic insurgency. The FMS financing requested for FY 1982 would to be used to:

- Equip additional Marine Corps rifle companies;
- Procure C–130 aircraft, Dragon

The United States and Chile

by John A. Bushnell

Statement before the Subcommittee on Latin American Affairs of the House Foreign Affairs Committee on March 10, 1981. Mr. Bushnell is Acting Assistant Secretary for Inter-American Affairs.[1]

The United States and Chile have a long history of close and friendly relations. Over the years, Chile has been one of the largest recipients of U.S. economic and technical assistance within the hemisphere. Relations deteriorated sharply after the election of Salvador Allende in 1970 because of the determination of many leftists within Chile to follow the example of Fidel Castro and create a Marxist-totalitarian state. As the result of severe economic dislocation and increasing violence, the Chilean military overthrew the Allende government in 1973. They had broad popular support for that action. Chile's new military rulers believed they had saved Chile from becoming a Soviet satellite, and they looked to the United States for support.

The new government settled expropriations of U.S. firms on an equitable basis. It has supported U.S. positions on many hemispheric and global issues, including, more recently, the Olympic boycott, instituted as the result of the Russian invasion of Afghanistan.

Human Rights

However, by the mid-1970s, the extent of human rights abuses brought about a cooling of relations. The U.S. Government called attention to violations in Chile and took and supported efforts to improve respect for human rights in Chile. In 1976 the Congress passed an amendment to the International Security Assistance and Arms Export Control Act which terminated new military assistance and sales for Chile.

In late 1976 and 1977 the human rights situation in Chile began to improve significantly. In late 1976 the government released all political prisoners being held without charges, and an amnesty in 1978 allowed most remaining prisoners to be released or go into exile. There were no reported disappearances after October of 1977. In July 1978 Chile allowed a special ad hoc working group of the U.N. Commission on Human Rights to visit all parts of Chile and meet with anyone they wished, including groups active in Chile in defending human rights. No other country has yet permitted a similar visit.

Despite significant improvements in the Chilean Government's human rights performance that have occurred over the past 4 years, many countries are reluctant to acknowledge them.This is in part because some violations do continue. It is due even more to the political emotions aroused by the Chilean experience. There are few countries in the world where the double standard on human rights is more blatant. Michael Novak, our delegate to the U.S. Human Rights Commission meeting in Geneva, noted on February 25: " . . . the abuses of human rights in Chile are by no means unique, either in Latin America, among nations in other continents, or in totalitarian states." What is often ignored is that there are a great many Chileans who believe in democracy and human rights and who support the current government.

Letelier-Moffitt Case

Had the Letelier-Moffitt assassinations not occurred in 1976 and had there not been three Chilean ex-intelligence officers indicted in Washington for involvement in the crime, it would have been logical for the United States to begin to take positive steps in 1978 to improve relations, and in the process to follow an evenhanded policy respecting Chile relative to other countries.[2]

But on September 21, 1976, the Letelier-Moffitt assassinations did occur and had a necessarily negative effect on U.S.-Chile relations. In August 1978 a Federal grand jury handed down indictments for three Chilean ex-intelligence officers, American citizen Michael Townley—who was a member of the Chilean intelligence service—and five Cubans living in the United States. The United States sought the extradition from Chile of the three Chilean officials. As required under Chilean law, the request was considered by the Chilean Supreme Court, first by the President of the court and then by a special review panel. The court rejected our request principally on the grounds that most of the evidence came from the plea-bargained testimony of Michael Townley and that under Chilean law such evidence is inadmissible. While we were extremely disappointed by the court's decision, we had exhausted our legal remedies.

I want to emphasize at this point that our subsequent actions related to Letelier-Moffitt were not taken as the result of the decision of the Chilean Supreme Court not to grant extradition of the three Chilean officers. Under the bilateral treaty of extradition between Chile and the United States, we recognize the right of either party to refuse extradition of its own nationals, even in cases where evidence is ruled admissible and conclusive. Rather our actions were taken as the result of Chilean failure to pursue vigorous investigation and prosecution of those in Chile we believed to have committed crimes connected with the assassinations.

When the Supreme Court rejected our request for extradition in October 1979, a Chilean-originated investigation related to the same case had been under way for 20 months without real progress. We were determined to make clear that we could not condone the Government of Chile's failure to make a serious effort to investigate or prosecute on its own a case of international terrorism. As a result, the U.S. Government announced in November 1979 a series of measures including: (1) reducing the size of our mission in Chile by about one-fourth, (2) terminating the foreign military sales "pipeline" to Chile and thereby terminating all deliveries of military equipment to the Government of Chile by the U.S. Government, (3) eliminating our military group stationed at the Embassy in Santiago, (4) prohibiting new Export-Import Bank programs in Chile, and (5) not approving any new Overseas Private Investment Corp. guarantees or activities in Chile.

Subsequent to this announcement in early 1980, we decided not to invite the Chilean Navy to participate in the inter-American naval exercises known as UNITAS, because it would have been inappropriate to do so following the imposition of the sanctions. This was the first time in 21 years any of the normal participants had been so excluded.

These actions taken vis-a-vis the Government of Chile, as well as all the steps leading up to them, demonstrate a firm U.S. position on countering terrorism. We are a country which seeks the rule of law. For many months the U.S. Government investigated and prosecuted the case in Washington, D.C., and developed and presented our case for extradition in Chile. During this period the Government of Chile turned over to us American citizen Michael Townley, who provided a substantial portion of the key evidence in the case under a plea bargain; he, five Cubans, and three Chilean intelligence officers were indicted in Washington, D.C.; the Chilean officers were removed from their jobs and placed under detention; and the press in Chile and other countries covered the case in great detail, including the actions we took in late 1979. A great many Chileans are very aware of the basic facts of the case and of the U.S. position on probable guilt. There can be no doubt in the minds of Chilean leaders, and those elsewhere, that complicity in a terrorist act in the United States carries a high cost in terms of relations with us. We believe these various steps have made an important contribution to deterring terrorism.

While the Government of Chile has failed to fully investigate or prosecute those implicated for the assassination and while we will continue to urge that this occur, we should note that the Government of Chile did provide a measure of cooperation in the case, the most notable example being turning over Townley to U.S. authorities. We do not want to overemphasize this point, but we also do not want to overlook it in attempting to take a broad and balanced view of the case as we are doing today.

I turn now to the Department of State's announcement on February 20 that the United States was lifting the prohibition on Ex-Im financing and guarantees for Chile and that the Chilean Navy would be invited to participate in the 22d annual UNITAS exercise.

Export-Import Bank Financing

We lifted the Ex-Im sanction because it is in keeping with the intent of the legislation, specifically section 2(b) (1) (B) – also known as the Chafee amendment – of the Export-Import Bank Act of 1945 as amended. In enacting this statute, Congress set a high threshold for determining when Ex-Im credits could be denied for nonfinancial or noncommercial reasons.

Despite the clear wording of the law aimed at limiting the use of section 2(b) (1) (B), we believed that the special situation extant in November 1979 – an incomplete investigation in Chile – justified at least the temporary use of this sanction, the only time the Chafee amendment has ever been invoked. We believed this set of circumstances required a strong statement of condemnation by the United States and appropriate policy measures to demonstrate our concern. Our willingness to take steps which affected U.S. interests, as well as those of the Government of Chile, demonstrated the seriousness with which we viewed the matter.

The burden of the 1979 determination has fallen, however, on U.S. exporters, and thus on U.S. trade and jobs. The United States has no monopoly in supplying goods and services and has been placed at a competitive disadvantage in the rapidly growing market in Chile. We saw no purpose to the extension of this policy, which, while initiated to underline the seriousness of our views on Letelier-Moffitt, was serving primarily to penalize U.S. citizens and companies. Section 2(b) (1) (B) was enacted precisely to avoid such a result. The onus of proof rests with the Secretary of State to show that continued restrictions of Ex-Im lending clearly and importantly advance U.S. policy in "such areas as international terrorism." The Secretary has determined that this cannot be demonstrated and thus revoked the 1979 determination.

Inter-American Naval Exercises

Concerning the UNITAS exercises, the fact that Chile was not invited last year does not determine policy for this year. Chile has an important navy in South America, and its participation enhances the value of the UNITAS exercise and strengthens overall hemispheric defense. In addition, Chile is important in our ability to maintain control of the southern sea lanes of communication.

Before concluding I want to say a word about the future course of our relations with Chile. I have already referred to the double standard as it has been applied to Chile. I would like to quote again from a statement by Michael Novak in Geneva: "In nontotalitarian societies, information on abuses is usually quite readily available. In closed totalitarian societies, such information is much more difficult to obtain. The unfortunate result is that we tend to spend more time criticizing those countries that are partly free, and making prog-

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U.S. Lifts Prohibition on Ex-Im Financing for Chile

DEPARTMENT ANNOUNCEMENT, FEB. 20, 1981[1]

In keeping with the intent of legislation that Export-Import Bank financing not be restricted except when denial would "clearly and importantly advance U.S. policy," the prohibition on Ex-Im financing for U.S. exports to Chile has been lifted. As a result, American businesses will be able to compete more effectively with other exporters in Chile's rapidly expanding market.

Chile also is being invited to participate in the UNITAS exercise (inter-American naval exercise) this year. It was not invited last year. Ex-Im financing was suspended, and other actions were taken on November 30, 1979, because of the failure of the Government of Chile to make a serious effort to investigate and prosecute three Chilean ex-intelligence officers indicted by a U.S. court for the assassinations of Orlando Letelier and Ronni Moffitt. Our willingness to take steps, which affected U.S. interests as well as those of the Government of Chile, demonstrated the seriousness with which we viewed this matter. The actions taken were not intended to be permanent.

We continue to hope the Government of Chile will move to prosecute those implicated in the Letelier-Moffitt case, but unlike the 1973–79 request for extradition, we are not an active party to the investigation in Chile.

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[1] Made available to news correspondents by acting department spokesman William J. Dyess. ■

Department of State

bulletin

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before we even knew what the nature of the problem was.

Q. In regard to your visit to Spain, as you know, the United States and Spain are in negotiation of the extension of the bilateral treaty, and also you know the Spanish Government promised that it was going to make a decision soon about the continuation of the Atlantic alliance.

Talking first about the bilateral treaty, could you tell me what are the interests of the U.S. Government from the military aspect of the treaty for the next 5 years?

A. Of course, we look forward to negotiating at an appropriate time an agreement to replace and update the 1976 agreement of friendship and cooperation. This involves, as you know, the presence today of some American forces in Spain. We believe that presence meets the joint interests of the Spanish and the American people, and we would hope to be able to continue with appropriate arrangements as determined in the upcoming negotiations.

With respect to this issue, it has always been our view that these agreements are designed to provide to both sides an equitable degree of interest and that they do, in fact, serve not only United States and Spanish relationships and ties of friendship and mutual security relationships, but they also fit into the broader context of Western security, as well. In that context, we do not see this issue in any way as being in conflict with NATO aspirations that Spain may or may not have.

Q. I'd like to ask you if you see any advantage or disadvantage in having the two things together. I ask you because there are some comments from the position on the left, the Socialist Party, that the entrance of Spain into NATO recreates an imbalanced situation in Europe—I mean in the East-West relationship. What is the U.S. view?

Also, you have been at NATO for a long time now. What's the feeling of the European members of NATO about this?

A. As you know from my own record, I am a strong advocate of the Spanish membership in NATO, but I do recognize that this is a decision for the Spanish people to make. There is no one attempting to interfere with that process.

I think with respect to balances, our great concern today is that imbalances have developed and that the member governments—the free, independent, democratic governments of Western Europe—are all threatened by this situation. Spain is going to be equally threatened, whether it belongs to NATO or does not. As a matter of fact, its security is best served by a security linkage with the rest of Western Europe and those who share common values with the people of Spain.

The question sometimes arises about costs. It has been our experience in the United States that our participation in this alliance, although it brings costs, that these costs are far less than what we would have to apply to our security were we not in the NATO alliance and were we not to enjoy the benefits of the collective capability of our Western European partners.

Q. Do you think that the Spanish economy is now in a position to afford the cost of integration in NATO?

A. Clearly, the question is, can Spain afford to provide for its own security? I think any sovereign nation is faced with this challenge, and it is not a challenge that can be avoided.

It would be my basic point that it would be less costly for Spain in overall security terms and that Spain would acquire greater defense and greater capability as a consequence of its alliance with the other Western European powers, the United States, and Canada.

Q. Perhaps it is a difficult question to answer, but do you think there will come any economic help, either from Congress or from the buildup of NATO to Spain if they want to, in the bilateral thing, raise the prices of the present treaty or in the NATO thing. Some feel that they have not enough money just to—

A. This is a question that has to be answered by the Spanish people with respect to their own security needs. The bilateral relationship with the United States has always been built and structured on what I call equitable sharing.

The Spanish Government makes contributions of goods and services in strategic locations, and the United States makes contributions to be sure that Spanish defenses are what they should be and to help in that process.

Incidentally, this same thing occurs in the NATO family where some of our governments, which are less able to make major contributions to infrastructure and other aspects of the NATO collective defenses, enjoy the benefits of the collective contributions of those powers which are better able to do so. So I think there is neither anything contradictory or exclusive about NATO and American-Spanish bilateral relationships in the security area. They are mutually reinforceable, and the overall benefits to Spain, I think, far outweigh the costs.

Q. The other thing that is left about the reintegration into NATO is that there is going to be a problem of perhaps positioning in Spain an amount of nuclear weapons or—do you think that this is true or can you negotiate—

A. I am not aware of any pressure that would develop in this area beyond the traditional and historic pressures that we've dealt with in the past jointly—America and Spain. I think that is a diversionary issue.

Q. There is another matter that perhaps it meets a situation like we think sometimes [inaudible]. Do you think the question of Gibraltar will be a real problem if it is not solved in some way before [inaudible] because it cannot be allied with a country as part of our territory?

A. I wouldn't want to presume to interject myself as to what is essentially a Spanish-U.K. issue involving those two nations and the people of Gibraltar as well. I don't think they need any outside advice from an American diplomat.

Q. What do you think would be the best way to cooperate or to work together—the United States and the Western European countries—in dealing with these acts of terrorism that in countries like Italy or Spain are creating too much trouble for our foundation of order?

A. As you know, I have already made some rather controversial statements on the subject of international terrorism. I believe the time has long since passed where the nations of the West, those of us which share common values and which have been victimized by the growth of international terrorism, that we stand up collectively and meet this challenge in a forthright and direct way.

In that regard, I have admired the work of your government as it has sought to combat this terrorist activity in your provinces. I think it is vitally important that we deal with it unilaterally as nations, but also collectively.

We have just had a rash of aircraft

hijackings here involving American citizens in Latin America and this morning one in the Far East, which continues. It is time for Western leaders to face this issue directly and to begin to punish the perpetrators of international terrorism. I have been one who has pointed out that when the Soviet Union funds, supports, conducts training courses in the Soviet Union and its Eastern European satellites, when it aligns itself with the provision of arms and perhaps more to such state-supported terrorist activities as those of Qadhafi in Libya or Castro in Cuba, that they must bear a measure of responsibility for these activities. And the time has come for us to bring it forcibly and directly to their attention.

Q. You know how they made propaganda that they are just helping liberation movements, that they are not terrorist organizations. I suppose this is something you must follow and take a position on.

A. I, of course, believe that there has been 2,000 years of civilization which has all worked in the direction of improving the prospects for peaceful change, a stark and sociological change within the provisions of the rules of international law, and not by resort to bloodshed and terrorism. Above all, in those rare exceptions where extraordinary measures are necessary by a given people who have been suffering from suppression, it should be internal; it should not be instigated, supported, and directed from outside. That, unfortunately, is the problem we have seen with many of the more sophisticated and advanced stages of international terrorism.

Q. I have been following the Madrid Conference on Security and Cooperation in Europe (CSCE). As you know, we are now in a deadlock. There is still a strong desire from the Soviet Union to have an extended military detente and disarmament conference. Do you think if this is not done, if there is not negotiation from the Western side, how we can say detente [inaudible].

A. I think the efforts to improve East-West relations must be continuing. We cannot achieve and maintain the support of our people if we are, as leaders, not perceived to be trying to improve East-West relations. On the other hand, it is very, very clear that some of the recent Soviet activity internationally—whether it be obstinance at CSCE or in the broader provisions of the Helsinki accords which spawned all of this East-West activity or whether it be in the utilization of proxy forces in Africa, the Western Hemisphere, or in Asia or whether it be direct, blatant Soviet interventionism of the kind we are witnessing in Afghanistan—the time has come for the West to unite together and insist on peaceful change rather than the rule of force.

Q. On these last points that they are now talking about, do you think that the conditions that the Russians are saying they are ready to extend the confidence-building measures to the Urals, how it [inaudible] if there are general concessions from countries which are part of the conference but are not part of Europe—meaning the United States and Canada—do you think that this is reasonable or is going to be accepted by your delegation there?

A. First, let me emphasize that this acceptance of the French proposal for confidence-building measures, stretching from the Atlantic to the Urals, is clearly a very interesting departure from previous Soviet positions and perhaps offers some promise. However, we will note that in both their correspondence with the Western European powers and the United States, there is a question about the extension of these confidence-building measures beyond the shoreline of Western Europe. And I think there are a number of uncertainties raised with respect to that issue that will have to be explored in the period ahead. But in the interim, I think we could look at it as a favorable proposal in general.

Q. Are you happy with the way the Western alliance, not only the 15 but also the 10 from the European Economic Community, are working with this Madrid meeting?

A. Yes, I have been very pleased with that. We have been in close touch with our chief negotiator, Mr. Kampelman. I hope to see him when I visit Madrid so that we can have a first-hand exchange of the progress. But I think Western unity has been clear and unshaken in these discussions, and that is very important.

Q. Do you have plans to address the conference?

A. I doubt that I would seek to do that, but I will seek to have an exchange of views and an updated report from Ambassador Kampelman.

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[1] Press release 86 of Apr. 3, 1981. ■

Interviews at Breakfast Meetings

Secretary Haig was interviewed at two breakfast meetings on March 13, 1981, by Bill Beecher, The Boston Globe; *Marvin Kalb, NBC News; Greg Nokes, Associated Press; and John Wallace, Hearst, and on March 28 by Barrie Dunsmore, ABC; Roy Gutman, Reuters; Bernie Gwertzman,* The New York Times; *and John Maclean,* The Chicago Tribune.

MAR. 13, 1981[1]

Q. There's a story today that a group of Green Berets is being assigned to El Salvador from Panama, but it's not clear whether those are part of the 20 that the President talked about.

A. Only 25 guys we talked about are moving in there. That's the total increased authorization. I think it brings us to 54. I believe that's right.

Q. What was that? I'm sorry I missed that. You have five of the Green Berets going?

A. No. There's a story today that there were Green Berets moving out of Panama into El Salvador. They cannot be but those we announced last week. That would be 25 more men going in but as training teams.

Q. In other words, there are Green Berets—

A. These are not over and above what we announced.

Q. What I read in the paper this morning was that you're trying to get the public emphasis off the El Salvador issue.

A. No. That's not right. I don't know how that got so sharply drawn. Whoever on our side made the statement, clearly, was a little bit off the mark. The point I made is that I think we suffer somewhat from episodic preoccupation and that in terms of relative importance. You know, there is a total preoccupation with this issue and why we're engaged in it, and why we fail to look at what's going on in Poland

FY 1982 Assistance Requests

by Lannon Walker

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on March 24, 1981. Mr. Walker is Acting Assistant Secretary for African Affairs.[1]

Before summarizing our requests under each category of assistance, let me highlight for you our policy concerns as they are reflected in our budget requests. Recognizing that U.S. interests in Africa are served by progress in economic development, the Reagan Administration intends to maximize the effectiveness of resources through a more coordinated approach to planning, budgeting, and implementation of programs and projects. And our bilateral assistance will increasingly emphasize areas of strategic and political priority to the United States.

PRIORITY AREAS

Southern/central Africa, from Zaire south, is a region of considerable economic and political interest to the United States, one with extensive mineral wealth, and a heavy concentration of U.S. investment. U.S. interests are threatened by regional conflicts and instability which invite Soviet and Cuban intervention. Our request includes a very sizable commitment of economic assistance to Zimbabwe, a nation whose economic development, political stability, and progress are of paramount interest to the United States.

Sudan, the Horn, and Indian Ocean nations is a region of strategic value to the United States in the pursuit of our interests in the Persian Gulf-Southwest Asian arena. Sudan, our largest aid recipient in Africa, is a staunch friend which feels threatened by both Libyan aggression and instability in the Horn. We have negotiated facilities agreements with Kenya, also a strong friend of the West with an open economy and a stable government, and Somalia, a nation with serious economic problems compounded by the presence of more than a million refugees.

Liberia, Zaire, Senegal, Cameroon, and Gabon are old friends. Let me stress here the situation of Liberia, a nation which has undergone considerable turmoil in the past year. Our increased aid reflects our concern to restore political stability and assist the economic recovery of a nation where we have valuable assets. Liberia's problems are immediate, and we must address them accordingly. At the same time, we will be seeking ways, in our new budget, to accommodate the needs of our other old friends to demonstrate our consistency.

The Sahel is a region of West Africa where the United States has both humanitarian and political interests and where we and our allies are engaged in a long-term effort to rebuild the economies of some of the poorest nations of the world which have been ravaged by drought. Today, our efforts in this area have taken on a new importance, as fragile governments with a tenuous hold on outlying regions could become the object of Libyan adventurism.

FY 1982 PROPOSALS

Our request for FY 1982 reflects adjustments in the foreign assistance budget originally sought by the Carter Administration. We have had to take certain cuts in line with President Reagan's expressed desire and firm intention to reduce Federal spending in almost all areas. But we have also sought to protect our priority programs.

Despite cuts we have taken, our total request for FY 1982 includes $390.5 million for development assistance, an amount almost the same as was requested in FY 1981; $216 million in PL 480; $231 million in economic support fund (ESF), representing a substantial increase over our 1981 request and including $60 million for southern Africa and $75 million for Zimbabwe; $203 million in foreign military sales (FMS) including enhanced programs in Sudan and Kenya; and $7.5 million in international military and educational training (IMET) funds, also representing a large increase over 1981.

A fuller and more complete reflection of the manner in which the Reagan Administration will seek to utilize resources in pursuit of our foreign policy goals in Africa and elsewhere will be evident in the FY 1983 budget.

Before describing our proposals for security assistance, let me stress the link between the various components of our foreign assistance requests for Africa. Political stability in Africa, as elsewhere, is very much tied to progress in economic development. And in a continent plagued by declining agricultural production, burgeoning balance-of-payments deficits, frequent droughts, growing numbers of refugees, inadequate health facilities, and lack of basic infrastructure, this link becomes even more critical.

Our strategic and political interests in Africa are served best when we apply the totality of our foreign assistance resources toward our—and Africa's—goals. They are also served by our support to multilateral development institutions such as the World Bank which, as Secretary Haig pointed out last week, are an essential source of capital for many developing countries which are of importance to us.

ECONOMIC SUPPORT FUND

The ESF provides us with flexible resources necessary to carry forward our policies in nations afflicted by rapidly changing economic and security problems. Many nations in Africa fit that description. The increases we are requesting in the ESF for 1982 reflect the importance we attach to this resource in support of our interests in recipient nations. In this connection, let me stress our support for the ESF contingency fund which the Administration is proposing.

Zimbabwe

We are proposing $75 million in ESF for Zimbabwe, a nation which achieved independence less than a year ago. The present government, under the leadership of Prime Minister [Robert] Mugabe, has moved with reasonable success to reassure the white community and to maintain the basis of the second most diversified economy in sub-Saharan Africa. Our objective now is to maintain and nurture this generally favorable state of affairs and help provide the support necessary for Zimbabwe's stable political and economic development. Our ESF assistance will be used to complete the refugee resettlement and rural reconstruction programs which we began in 1979 at the conclusion of the war. In addition, we plan to begin assisting the Government of Zimbabwe in rural development as well as technical training programs.

Southern Africa

We are requesting $60 million for southern Africa. This program supports long-term U.S. interests in the stability of a strategically important region and is an essential element in promoting U.S. objectives. This region, rich in natural resources, including strategic minerals, has been troubled by war, violence, and economic disruption resulting from conflicts in Zimbabwe and Namibia and by the spillover of turmoil from South Africa. Our ESF request for southern Africa consists of three components.

Botswana. We are requesting $10 million for Botswana, a moderate, democratic, multiparty state which shares our desire for a peaceful resolution of the region's problems. Our assistance is necessary to help Botswana keep up the pace of its economic development program while coping with the added demands placed on its resources by the region's instability. Our ESF would be used for agricultural production and planning programs, livestock and range management, and improvement of health services.

Zambia. For Zambia – a nation of critical importance to regional economic and political stability in central-southern Africa – we are requesting $20 million. Zambia is a major source of U.S. cobalt imports and supplies our allies with a substantial portion of their copper requirements. The Zambian economy has been adversely affected by a number of developments including unfavorable weather, depressed prices for its principal export – copper – and regional conflicts. Our ESF would be used to finance key agricultural imports, to support agricultural development and research, and for manpower and technical assistance projects.

Regional Fund. We request $30 million in a regional fund to support closer cooperation among the nations of southern Africa by assisting them to rehabilitate and improve transportation networks and to address inadequacies in food security and skilled manpower. Southern African nations are fully aware of the benefits of tackling their problems in a broader framework, and the diplomatic and financial support of the United States is an important element in the success of their efforts.

Their first priority is to rehabilitate the deteriorated transportation system, particularly vital to the six countries of the region which are landlocked. Our support, in concert with other Western donors, will address this priority as well as others identified by the nations of the region.

Horn of Africa/Indian Ocean Area

For those nations in the strategically important Horn of Africa/Indian Ocean area, we are proposing a total of $86 million in ESF.

Sudan. We are requesting $50 million in ESF to support Sudan's efforts to correct its economic problems and help implement the International Monetary Fund's economic reform program. As you know, Sudan, under the leadership of President [Gaafar Mohamed] Nimeiri, has played a strong moderating role in a number of African and Middle Eastern trouble spots. Domestically, the Nimeiri government has emphasized both economic development and political reconciliation. Sudan's economic problems – inflation, foreign exchange shortages, and huge foreign arrearages – are compounded by a refugee population of over 400,000 persons. Our proposed ESF would provide balance-of-payments support enabling the public and private sectors to purchase spare parts, industrial and agricultural raw materials, and equipment for increasing domestic production and expanding exports. It would represent a strong indication of U.S. support for the economic reforms and political moderation that have characterized President Nimeiri's government.

Kenya. We are proposing $10 million in ESF for Kenya. A moderate, friendly Kenya is essential to our policy of maintaining stability in this region. Kenya has a mixed economy, encourages private enterprise, guarantees its people personal freedom and civil liberties, and permits us access to its port facilities. Our ESF is intended to help Kenya overcome a temporary balance-of-payments constraint and permit the importation of essential production inputs.

Somalia. We are also proposing $20 million in ESF for Somalia, one of the world's poorest countries, and one whose economic development process has been impeded by a lack of resources, a recent, crippling drought, and a massive influx of refugees fleeing the war in the Ogaden. As we assist Somalia's effort to survive and develop, both our humanitarian and strategic interests are engaged. Somalia's strategic location in the Horn of Africa and its proximity to the Persian Gulf were important in our decision to negotiate a facilities access agreement with the Government of Somalia.

Mauritius, Seychelles, and Djibouti. We propose ESF programs each totaling $2 million for these countries. All three countries occupy strategic locations. The Mauritian Government has been uniformly responsive to U.S. requests for access to its facilities by units of the Indian Ocean task force. Our ESF would contribute to Mauritian efforts to correct a deteriorating economic situation by helping the Mauritian Government implement its stabilization program and ease its foreign exchange constraint.

The United States maintains a U.S. Air Force satellite tracking station in the Seychelles. Our ESF assistance would provide a commodity import program to finance vital agricultural imports for the Seychelles and encourage the pragmatic aspects of the government's development program.

Djibouti, which also permits the U.S. Navy access to its facilities, is a strong proponent of the peaceful resolution of conflicts in the Horn. Our ESF would support Djiboutian efforts to strengthen its infrastructure and develop alternative energy sources.

Liberia

And last, but certainly not least, we propose $10 million in ESF for Liberia, an old friend, a country in which we have extensive interests, and whose economy is closely linked to ours through both U.S. investment and commercial banking arrangements. Liberia currently faces staggering economic problems, and our ESF program would provide balance-of-payments and budgetary support as Liberia seeks to resolve its long-term structural economic problems while maintaining its economic development programs.

FMS AND IMET

This Administration takes very seriously its commitment to help African governments defend their peoples from both regional and external threats. We do not believe that U.S. interests are served when our African friends regard us as unresponsive to their legitimate security needs. At the same time, we realize that not all of our friends in Africa deserving our FMS security assistance support are missiles, and UH-1H helicopters;

- Replace obsolete patrol aircraft; and
- Permit improvements in antitank, antiaircraft, and command and control systems.

This $80 million FMS program requested for Thailand represents a $30 million increase over the current fiscal year, the largest increase for any East Asian country. Fifty million dollars of the proposed Thai FMS program will be extended in the form of direct credits at a concessional rate; Thailand would be the first East Asian country to receive such direct credits.

Our Thai proposal also includes $10 million in ESF. Although no ESF was proposed for the current year, in each of the first 2 fiscal years, $2 million has been obtained by reprograming, in response to Thailand's urgent need to provide additional assistance to Thai citizens adversely affected by the refugee influx and in security in the border area. The proposed IMET level for Thailand would increase from the current level of $770,000 under the continuing resolution to $2 million. These increases will help keep force modernization on track by providing training for the use of the equipment and systems purchased through FMS.

The $35.8 million requested in development assistance for Thailand is very small, whether one compares it to the $1.1 billion in 1982 loans expected from the World Bank, Asian Development Bank, and Japan or to Thailand's total FY 1982 external borrowing requirement of $1.7 billion. Our aid program will provide technical assistance and training designed to improve the Thai Government's ability to use substantial development assistance from its other sources more efficiently.

FMS and development assistance at the softest possible terms is an urgent requirement if Thailand is to maintain its force modernization and development efforts. Thailand is expected to incur serious debt servicing problems by 1985 unless current account adjustments are made. In recognition of this, the Thai Government has decided to forego commercial borrowing for defense purposes and, instead, rely on internal revenues and government-to-government loans. Our assistance program, with substantial direct credits and grants, will reinforce that sound economic policy decision.

Indonesia

Indonesia is strongly anti-Communist and has been a reliable supporter of U.S. positions on significant issues such as Afghanistan and Iran. As the largest ASEAN nation, it is well-suited to contribute to our long-term interest in maintaining regional stability. It is strategically located astride the sea lanes connecting the Indian and Pacific Oceans, provides 6% of U.S. petroleum imports, and plays a moderating role in many multilateral fora. Our relations are basically on a sound footing, but our support for Indonesian defense and development efforts has not kept pace with the growth in its strategic importance.

For FY 1982 we propose a 50%, or $15 million, increase in FMS funds over the current level of $30 million. This increase aims at restoring Indonesian confidence in the U.S. commitment to regional security while assisting Indonesia to counter the growing Soviet and Vietnamese naval presence in Southeast Asia. It also adjusts for inflationary increases in the price of weapons systems that have reduced real assistance levels over the past several years.

In recent years the Indonesians have used FMS credits to modernize their air and naval forces. Our currently proposed increase in FMS credits would permit purchase of badly needed mobility equipment and possibly another C-130. Additional IMET is also needed to help offset past cuts in Indonesia's IMET program and mitigate Indonesian skepticism concerning U.S. support.

Our development aid program in Indonesia is one of the most effective in the world. It remains of great importance because of the U.S. stake in the success of Indonesian modernization efforts. Although Indonesia benefits from higher oil prices, which have for the first time given the country a balance-of-payments surplus, it remains by far the poorest of the five ASEAN countries, with a per capita income of $431.

Almost all of our aid to Indonesia is used for technical assistance designed to achieve long-term developmental benefits to the Indonesian economy, such as agricultural training and research, health and social development programs, and the provincial development project which provides training to low-level government officials responsible for rural development planning.

While our economic aid has been shrinking, aid programs of other donor nations has been increasing. Budgetary constraints and severe competition from urgent programed requirements in other regions, such as Central America, have precluded meeting the pledge of $160 million in economic aid we made at last year's intergovernmental group aiding Indonesia. The $75 million in developmental assistance and the $30 million in PL 480 assistance which we seek is the absolute minimum we should allocate to Indonesia.

Malaysia

Rich in natural resources and level of economic development and solidly anti-Communist in orientation, Malaysia, like Indonesia and Singapore, occupies a critical strategic position on the Malacca Strait. Like its neighbors, it is worried by Vietnamese aggression and the increased Soviet presence in Asia and is increasingly desirous of stronger security ties with the United States. On its own, it has been engaged in a steady effort to increase its military forces, including plans to double the size of its army over the FY 1982-83 period.

We have requested increased FMS credits for Malaysia – up from $10 million to $12.5 million – for FY 1982 to finance a portion of the rehabilitation costs of A-4 aircraft purchased with prior year FMS credits, as well as to help finance some of the equipment necessary to double the size of the army.

The significant increase which we have requested in Malaysia's IMET program for FY 1982 – to $650,000 from the $300,000 current level – is an active, albeit partial, response to a Malaysian request.

Burma

Burma is a country of growing international significance and considerable long-term economic potential. It is decidedly in our interest that Burma remain friendly to the United States and our other allies and friends in the region and that it be kept out of the Soviet sphere of influence.

Recent trends in Burma have been encouraging. Rice production is up to a level capable of 1 million tons of exports per year. The government is stable and more willing to cooperate with the United States than in past years of strong isolationism.

Our economic development assistance program in Burma is an important means of broadening our relationship and our contacts within the Burmese Government. Two-thirds of the $7.5 million we are requesting will go for agricultural assistance designed to enable the Burmese to become self-sufficient in foodstuffs they now import. The remainder will go for a continued U.S. contribution to the development of primary health care facilities in rural areas.

Our security assistance program in Burma is appropriately modest and is aimed at building a warmer bilateral relationship. Currently Burma receives only token IMET and no FMS credits. The FY 1982 proposal would move Burma's IMET program from its current level of $31,000 to a still modest $150,000 program which would permit 14 or 15 students to be trained.

Association of South East Asian Nations

Perhaps the most positive development is Southeast Asia over the past 6 years has been the emergence of ASEAN as a stronger and more cohesive body affording both an improved means of cooperation and consultations among its members, with regard to meeting the Vietnam threat in specific and achieving greater policy coordination in general and a means by which the United States can deal with the member countries as a whole.

We believe that the continued growth and development of this organization is in our interest, and we have, therefore, requested $3.3 million for ASEAN to fund several projects involving training of participants from each of the five member countries. The amount is very small in relation to ASEAN assistance offered by Japan and the European Economic Community, both of which have recently boosted their aid commitments to ASEAN. This aid program is an important element of the U.S.-ASEAN dialogue and underlines our continuing commitment to the area.

Singapore is a good friend and a strong supporter of increased U.S. involvement in Asia. The Government of Singapore provides virtually unlimited access to excellent and strategically located air and seaport facilities for U.S. forces operating in the Indian Ocean.

As a gesture of U.S. support for Singapore, we propose to inaugurate a new $50,000 IMET program to provide added professional military and technical training for personnel who have the potential for playing key roles in the Singaporean military. The program would provide additional assistance to Singapore in maintaining the skills needed for effective operation and maintenance of U.S.-origin equipment and enhance managerial skills while promoting a better understanding of the United States.

Pacific Islands

We have proposed a $5 million program for the South Pacific as a key part of an effort to establish beneficial ties with the growing number of independent island countries. We enjoy an unusually favorable strategic position in the South Pacific, where there is currently no resident Soviet diplomatic or aid presence despite repeated Russian efforts to find an opening. The very small aid budget must cover nine independent countries and two autonomous states. We are just now initiating our first projects in newly independent Vanautu and Kiribati.

The $20,000 we request for Papua New Guinea will assist that government to realize its training objective of sending two to three officers to the United States for training. The program will enhance efforts to upgrade the Papua New Guinea defense force by sending officers to the U.S. Naval explosive ordinance demolition training. It will also permit some training in coastal surveillance and instruction in repair and maintenance of various types of equipment.

Conclusion

In short, what we are proposing for FY 1982 is a total package of $638.595 million in various forms of U.S. military assistance, economic development, and PL 480 aid. It is both appropriate from the point of view of strengthening our security posture in the East Asia region and in tune with current U.S. Government budgetary realities. Through the program we are requesting, with its mix of security and developmental funding and its variety of Asian recipients, we believe we can maintain our defense and security interests in such countries as Korea and the Philippines, while strengthening our ties with, and fostering greater security and stability in, the nations of Southeast Asia and the Pacific. We have appreciated the support of this committee and the House in pursuing our foreign assistance goals in past years, and we ask for your strong support for this submission.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Japanese Foreign Minister

Japanese Foreign Minister Masayoshi Ito made an official visit to Washington, D.C., March 23-24, 1981. Following are remarks made to the press by Secretary Haig and Foreign Minister Ito after the Foreign Minister's meeting with the President on March 24.[1]

Secretary Haig. I'm delighted to have an opportunity to meet with you this morning to discuss the conversations that we've held here in Washington over the last 2 days with the distinguished Foreign Minister of Japan, Foreign Minister Ito. I would like to keep this press briefing limited to those discussions out of deference to our distinguished visitor. He has had extensive conversations with the Secretary of State – myself – with our Secretaries of Defense, the Treasury, and Commerce, and with the U.S. Trade Representative. This morning he met with Vice President Bush for about an hour, and he has just concluded a very detailed and cordial discussion with the President.

Q. How about the National Security Adviser?

Secretary Haig. He was in attendance. The discussions ranged far and wide, from East-West relations to a number of regional foreign policy issues and security issues in Asia, Southeast Asia, the Pacific – our relationships in the trilateral sense. There was great emphasis on a new period of consultation between our Japanese friends and the United States, and I think, in that context, there were discussions also with respect to the developing world and the important role that Japan is playing in the developing countries.

There were, as always, some differences that you would anticipate between sovereign nations, but on the whole, I think the convergence of view, especially with respect to the need for unity and coherence among the Western alliance of nations including Japan, was both encouraging and a very good omen for the period ahead.

Foreign Minister Ito. As Secretary Haig just explained to you, we have had very extensive discussions on a number ress toward more freedom, than those where little freedom exists."

In the case of Chile, we believe that our interests, including human rights, are best served by a less confrontational approach than has characterized policy in recent years. In the months ahead I expect there will be further steps to accord Chile equitable and evenhanded treatment.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] Orlando Letelier was Chilean Ambassador to the U.S. during the Allende period. He and his coworker, Ronni Moffitt (a U.S. citizen), were killed in Washington, D.C., by a bomb attached to their car. ■

Current Actions

MULTILATERAL

Antarctica
Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Canberra July 24, 1961. Entered into force Apr. 30, 1962. TIAS 5094.
Notification of approval: F.R.G., Feb. 17, 1981.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Buenos Aires July 28, 1962. Entered into force Jan. 11, 1963. TIAS 5274.
Notification of approval: F.R.G., Feb. 17, 1981.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Santiago Nov. 18, 1966. Entered into force Oct. 30, 1968 for IV 6 and 20-28. TIAS 6668.
Notification of approval: F.R.G., Feb. 17, 1981.[1]

Recommendations relating to the furtherance of the principles and purposes of the Antarctic treaty. Done at Paris Nov. 29, 1968. Entered into force May 26, 1972 for V 1-4 and 9; July 31, 1972 for V 7 and 8. TIAS 7692.
Notification of approval: F.R.G., Feb. 17, 1981.[2]

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Tokyo Oct. 30, 1970. Entered into force Oct. 10, 1973, for VI 1-7 and 11-15. TIAS 7796.
Notification of approval: F.R.G., Feb. 17, 1981.[3]

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Wellington Nov. 10, 1972. Entered into force May 29, 1975, for VII 1-3 and 6-8. TIAS 8500.
Notification of approval: F.R.G., Feb. 17, 1981.[4]

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Oslo June 20, 1975. Entered into force Dec. 16, 1978, for VIII 6-8 and 10-14; Sept. 1, 1980, for VIII 3-4.
Notification of approval: F.R.G., Feb. 17, 1981.[5]

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at London Oct. 7, 1977.[6]
Notification of approval: Poland, Feb. 12, 1981.

Recommendations, including agreed measures for conservation of Antarctic fauna and flora. Done at Brussels June 2-13, 1964. Entered into force July 27, 1966; except for III 7, 8, and 9; Sept. 1, 1966, for III 9; Dec. 22, 1978, for III 8. TIAS 6058.
Notification of approval: F.R.G., Feb. 17, 1981.[7]

Astronauts
Agreement on the rescue of astronauts, the return of astronauts, and the return of objects launched into outer space. Done at Washington, London, and Moscow Apr. 22, 1968. Entered into force Dec. 3, 1968. TIAS 6599.
Ratification deposited: Netherlands, Feb. 17, 1981.[8]

Atomic Energy
Protocol prolonging the agreement of Mar. 27, 1968, (TIAS 6433) between the International Atomic Energy Agency, Venezuela, and the U.S. for the application of safeguards. Done at Vienna Feb. 18, 1981. Entered into force Feb. 18, 1981.

Automotive Traffic
Convention on road traffic, with annexes and protocol. Done at Geneva Sept. 19, 1949. Entered into force Mar. 26, 1952. TIAS 2487.
Accession deposited: Papua New Guinea, Feb. 12, 1981.

Aviation, Civil
Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.
Adherence deposited: Zimbabwe, Feb. 11, 1981.

Coffee
International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force Oct. 1, 1976, provisionally; Aug. 1, 1977, definitively. TIAS 8683.
Accession deposited: Zimbabwe, Jan. 22, 1981.

Collisions
Convention on the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accessions deposited: Cyprus, Nov. 4, 1980; Malaysia, Dec. 23, 1980.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[6]
Signatures: Morocco, Jan. 22, 1981; Portugal, Jan. 30, 1981; Zambia, Feb. 3, 1981.

Containers
International convention for safe containers (CSC), with annexes. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037.
Accession deposited: Guinea, Jan. 19, 1981.

Diplomatic Relations
Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.
Accession deposited: Saudi Arabia, Feb. 10, 1981.

Finance
Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accession deposited: Zimbabwe, Jan. 22, 1981.

Gas, Warfare
Protocol for the prohibition of the use in war of asphyxiating, poisonous, or other gases, and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.
Accessions deposited: Vietnam, Sept. 23, 1980;[9,10] Sudan, Dec. 17, 1980.
Succession deposited: Papua New Guinea, Sept. 2, 1980.[9]

Human Rights
International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[11]
Ratification deposited: Honduras, Feb. 17, 1981.

Load Lines
International convention on load lines, 1966. Done at London Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629.
Accession deposited: Guinea, Jan. 19, 1981.

Amendments to the international convention on load lines, 1966, (TIAS 6331) relating to amendments to the convention. Adopted at London Nov. 12, 1975.[6]
Acceptance deposited: U.S.S.R., Jan. 6, 1981.

Maritime Matters

Convention on the Intergovernmental Maritime Consultative Organization. Done at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.
Acceptance deposited: El Salvador, Feb. 12, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, (TIAS 4044, 6285, 6490, 8606) on the Intergovernmental Maritime Consultative Organization. Done at London Nov. 14, 1975.[6]
Acceptances deposited: El Salvador, Feb. 12, 1981; Pakistan, Jan. 23, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, (TIAS 4044, 6285, 6490, 8606) on the Intergovernmental Maritime Consultative Organization. Done at London Nov. 17, 1977.[6]
Acceptances deposited: El Salvador, Feb. 12, 1981; Pakistan, Jan. 23, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, (TIAS 4044, 6285, 6490, 8606) on the Intergovernmental Maritime Consultative Organization. Done at London Nov. 15, 1979.[6]
Acceptance deposited: U.S.S.R., Jan. 23, 1981.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978.[6]
Ratifications deposited: Denmark, Jan. 20, 1981;[12,13] Liberia, Oct. 28, 1980; Sweden, Jan. 8, 1981; U.K., Nov. 28, 1980.[9]

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[6]
Signature: Romania, Jan. 15, 1981.[9,10]

Nuclear Test Ban

Treaty banning nuclear weapon tests in the atmosphere, in outer space, and under water. Done at Moscow Aug. 5, 1963. Entered into force Oct. 10, 1963. TIAS 5433.
Notification of succession: Papua New Guinea, Nov. 13, 1980.

Pollution

International convention for the prevention of pollution of the sea by oil, with annexes. Done at London May 12, 1954. Entered into force July 26, 1958; for the U.S. Dec. 8, 1961. TIAS 4900.
Acceptance deposited: Guinea, Jan. 19, 1981.

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.[6]
Accession deposited: Yugoslavia, Oct. 31, 1980.

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978.[6]
Accessions deposited: Denmark, Nov. 27, 1980;[9,10] Yugoslavia, Oct. 31, 1980.

Red Cross

Protocol additional to the Geneva conventions of Aug. 12, 1949, (TIAS 3362, 3363, 3364, 3365) and relating to the protection of victims of international armed conflicts (protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[11]
Ratification deposited: Laos, Nov. 18, 1980.

Protocol additional to the Geneva conventions of Aug. 12, 1949, (TIAS 3362, 3363, 3364, 3365) and relating to the protection of victims of noninternational armed conflicts (protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[11]
Ratification deposited: Laos, Nov. 18, 1980.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Ratification deposited: Norway, Feb. 4, 1981.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Accessions deposited: Finland, Nov. 21, 1980; Guinea, Jan. 19, 1981; Maldives, Jan. 14, 1981; Papua New Guinea, Nov. 12, 1980; Qatar, Dec. 22, 1980.
Ratification deposited: Republic of Korea, Dec. 31, 1980.

Satellite Communications System

Convention on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Accession deposited: Oman, Dec. 30, 1980.
Ratification deposited: Liberia, Nov. 14, 1980.

Operating agreement on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Signatures: Liberia, Nov. 14, 1980; Oman, Dec. 30, 1980.

Space

Treaty on principles governing the activities of states in the exploration and use of outer space, including the Moon and other celestial bodies. Done at Washington, London, and Moscow Jan. 27, 1967. Entered into force Oct. 10, 1967. TIAS 6347.
Succession deposited: Papua New Guinea, Oct. 27, 1980.

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow Mar. 29, 1972. Entered into force Sept. 1, 1972; for the U.S. Oct. 9, 1973. TIAS 7762.
Accession deposited: Netherlands, Feb. 17, 1981.[8]

Sugar

International sugar agreement, 1977, with annexes. Done at Geneva Oct. 7, 1977. Entered into force provisionally Jan. 1, 1978; definitively, Jan. 2, 1980. TIAS 9664.
Accession deposited: Ivory Coast, Jan. 23, 1981.

Telecommunications

Final Acts of the World Administrative Radio Conference for the planning of the broadcasting-satellite service in frequency bands 11.7–12.2 GHz (in Regions 2 and 3) and 11.7–12.5 GHz (in Region 1), with annexes. Done at Geneva Feb. 13, 1977. Entered into force Jan. 1, 1979.[11]
Approval deposited: Finland, Nov. 19, 1980.

Partial revision of the radio regulations (Geneva, 1959), as revised, relating to the aeronautical mobile (R) service, with annexes and final protocol. Done at Geneva Mar. 5, 1978. Entered into force Sept. 1, 1979, for the U.S. Oct. 22, 1980, except for the frequency allotment plan for the aeronautical mobile (R) service which shall come into force on Feb. 1, 1983.
Approvals deposited: Finland, Nov. 19, 1980; Singapore, Nov. 3, 1980.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[6]
Ratification deposited: El Salvador, Feb. 12, 1981.

Tonnage Measurement

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969.
Accession deposited: Guinea, Jan. 19, 1981.
Extended to: Hong Kong, Jan. 16, 1981.

Trade

Arrangement regarding bovine meat. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9701.
Acceptance deposited: Tunisia, Oct. 21, 1980.

UNIDO

Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[6]
Ratifications deposited: Libya, Thailand, Jan. 29, 1981; Tunisia, Feb. 2, 1981; Switzerland, Feb. 10, 1981; Norway, Feb. 13, 1981.
Signature: Ethiopia, Feb. 18, 1981.

Wheat

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 26, 1978. Entered into force June 24, 1978, with respect to cer-

New Feature

Map and Chart Series on U.S. Foreign Relations

As part of the Bureau of Public Affairs' continuing effort to provide more and better graphic reference materials, the *Department of State Bulletin* will publish, from time to time, a new series of maps, charts, and graphs on important elements of U.S. foreign relations. Introducing this new series is a map of NATO and the Warsaw Pact (page 40) and charts on development assistance (page 45) and budget and personnel (page 25).

Subjects to be illustrated in upcoming issues of the *Bulletin* will include national security agreements, international organizations, trade relations, international investment, and other topics of current interest.

Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. The material is written and compiled in the Bureau of Public Affairs by Harry F. Young; maps and graphics are prepared with the assistance of the Office of the Geographer, Bureau of Intelligence and Research.

THE EDITORS

Interview on the "MacNeil/Lehrer Report"

Secretary Haig's interview for the Public Broadcasting System's "MacNeil/Lehrer Report" with Robert MacNeil and Jim Lehrer on March 13, 1981.[1]

Q. Yesterday a top State Department official, who insisted on remaining anonymous, said the situation in El Salvador wasn't that big a deal, and, in effect, asked the press to cool it. Why isn't El Salvador that big a deal any more?

A. I wouldn't suggest that it's not that big a deal. I think the issue is that we do have a tendency to indulge in episodic preoccupations, if you will, with one event or another on the strategic horizon. And, to some degree, while El Salvador is extremely important, it is a situation which we neither established nor set for ourselves. But, even in the face of that, there are many equally important issues at large today – the situation in Afghanistan, the tense situation in Poland, and other global manifestations of illegal Soviet interventionism in developing states. And I think it's important that we not exclude concern about these other vital issues – East-West relations at large, arms control, and a host of other matters of equal importance.

Q. What happened then? Why did El Salvador, in your opinion, get out of proportion in terms of these other major problems?

A. I don't think it's a usual thing. I think that we found a situation which was just becoming clear to the Carter Administration that we had a mass of intervention in this hemisphere through Cuba, the Soviet Union and other Eastern European allies, and Libya, which was creating a crisis that had to be dealt with, with both firmness and promptness. So it's understandable that people would be preoccupied with the event.

I think the comments made yesterday were not designed to belittle the importance of El Salvador but to suggest that we have other matters of equal importance in our search for world peace and international stability.

Q. Did this anonymous State Department official misspeak when he said – that's a direct quote – when he said it wasn't a big deal?

A. No. I don't suggest that he misspoke. I think he was attempting, in a dialectic fashion, to suggest that there are other problems and that we shouldn't be exclusively preoccupied with the El Salvadoran situation.

Q. Didn't you, in effect, make it a pretty big deal by choosing it as a symbol and virtually saying so, that this was going to be the first place to draw the line against international interventionism?

A. No, not at all, in the sense of your question. We did not bring about the events in El Salvador, we found them. And we found the situation serious and somewhat out of hand in the context of the intrusion of Cuban armaments and Soviet-supplied equipment to a guerrilla movement. All of this, of course, culminated in a large offensive in El Salvador in January. So it wasn't a contrived situation to draw the line on. And I would suggest, incidentally, that we in the West and we Americans must be as concerned about illegal Soviet interventionism in El Salvador, in Africa, in the Middle East, in Southeast Asia, and wherever international law is violated and the rule of force is applied against people who are seeking self-determination and social change.

Q. Didn't you say to yourselves – perhaps you in particular – "Look, let's grab this one because we can quickly establish in the eyes of the world, the Soviets included, that there's going to be quite a sharp change in foreign policy from the way it was handled in the Carter Administration"?

A. I wouldn't want to suggest it, again, in as sharply drawn terms as you've posed in your question. Clearly, we have a situation that was serious, that was running rampant in the sense of the arms shipments that were moving into this hemisphere. And clearly, whether it had been there or been in Africa, I think the response would have been the same, because clearly, we do wish to make it evident. And we want the Soviet leadership to understand that whereas we may have been less than vigorous in opposing these actions in the past, they are no longer acceptable if we are to maintain a spirit of improving East-West relations.

Q. The reversal of this request now that the press not be too preoccupied with it, are you saying: "We, the Administration, blew it a bit, and we overplayed it, and you overplayed it," or just, "We and the press overplayed it"?

A. Not at all. I don't think it's a value judgment on either side. It's a suggestion that there are other events of some significance that must not be overlooked on the contemporary scene, and I hope that they would not be.

Q. A couple of times already, you have said: "We *had* a situation." Does that mean that that bad situation has now gone away? It's not as severe and critical as it was?

A. Not at all. But I think after the January offensive, which failed, and the return of the guerrilla movement to classic guerrilla tactics, which are serious and which are hurting the peace and stability and social progress in El Salvador, we will also continue to be faced with a large influx of armaments to prepare for the next round.

We moved promptly, both with expressions of concern and the termination of assistance to Nicaragua, which had been the main platform for the introduction of these armaments, and we found that there has been some slackening of those arms movements into El Salvador. There is some evidence today, for example, that the guerrillas, themselves, are hard pressed for ammunition and additional weapons. We've had some assurances, both public and private, from the Government of Nicaragua that they are not going to be involved in this kind of activity.

Also, I will be frank with you, we have some countering evidence to suggest that the activity is merely to look for new entry routes through other third countries.

Q. By Nicaragua or by the –

A. By the overall movement – the Cuban-directed effort in this hemisphere, today – a huge exercise about to take place, stiffening of the line against communism, continuing problems in Afghanistan. The observation I made was that we would be better served, in the long run, if we could keep all this in balance. That wasn't an effort to say we're going to deemphasize El Salvador. After all, we didn't trigger El Salvador. I see some press people suggest that we triggered El Salvador and a big draw-the-line operation. The problem with El Salvador was that we inherited massive evidence which had not been collated and had not been drawn together, and we did that in the first 2 weeks of the Administration – really in the first week – and it constituted irrefutable evidence of massive Cuban, Eastern, Soviet involvement. This isn't a case of manipulating the news or focus or anything else. It was an effort to lay out the facts as we saw them and to get a reasonable degree of support for the actions we felt had to be taken.

Q. Did you have the feeling that for perhaps whatever combination of reasons, that a number of our allies felt there was too heavy an emphasis upon it and cautioned you that perhaps the line was being emphasized too heavily.

A. Not really. In fact, just the opposite. What the allies asked was please keep fighting the "progaganda" battle. They are being victimized by the propaganda battle in Europe.

Q. So the United States carried the battle.

A. You make it clear what our objectives are in El Salvador. You make it clear that we are seeking to avoid extremes of the right or the left. I don't have to tell you what the problem is. We all know what it is. They want our help in dealing with that problem. We've had French, British, German, and Canadian discussions in which I spoke about that to all the Foreign Ministers. I would have to say that the sense of unity and support for our global positions is unusually strong. I think we've got a very promising situation with respect to Western European unity and solidarity under a revised American foreign policy.

Q. Let's focus on some other things like Poland and the coming exercises. What do you think is the scale and objectives of the exercises you were talking about?

A. Frankly, we don't know. We're looking at it very very carefully because the range of troop concentration could be within the confidence-building notification area.

Q. About 25,000?

A. Yes. There's some evidence to suggest that it might be.

Q. Does it look like Soviet divisions will come across the Polish border as part of the exercise?

A. We can't answer that. It's just too early to say.

Q. When you replied to a question in Canada about conditions for a summit with Brezhnev, you mentioned Afghanistan, and you mentioned Poland. I think you mentioned the situation in Poland would have to be clarified as long as a threat hangs over Poland, a summit doesn't make any sense. Has that notice been given to the Soviets in any kind of formal way? Has there been any effort to—

A. No. We have had exchanges with the Soviets with respect to our new position, and they're very clear on that. It now remains to be seen whether we'll have some talks in the period ahead. They will not be, clearly, at a summit level and to ascertain whether or not the behavior patterns which are of such concern to us are going to moderate or continue on.

Q. Is there going to be an effort to revive the 1972 agreement and to give that a little bit of light if the Russians—

A. No. We are a little preoccupied with the 1972 understandings, although they were clearly a benchmark from which you could measure a lack of reciprocity. If we go back to them, the basic thrusts of them are clear. They are a reciprocity commitment. And we haven't seen reciprocity. But I don't want to overemphasize that particular set of understandings, although they were agreed upon by both sides.

Q. Will we respond in any official way to the Brezhnev letters?

A. Yes, of course we'll respond. We will respond in due time, and we'll coordinate with our partners who have received similar letters. I would anticipate our responses would be fairly consistent, our respective response.

Q. Fairly soon? What kind of timing?

A. No. We have a little work to do on it.

Q. If you think about the Party Congress that's just been completed in Moscow and the rather unusual series of factors such as no change at the top, very little change down below, no innovative ideas in terms of handling their own economy, which is in very bad shape—what kind of overall sense do you get about this leadership in terms of its handling its own country, its own foreign policy, its own problems such as Poland?

A. I would say consistent.

Q. Consistent but partly because there has been no change but that can be arteriosclerotic diplomacy in the mind. Do you sense—

A. Let's go OFF-THE-RECORD on this one. [There ensued an OFF-THE-RECORD discussion.]

Q. Did you say earlier that the Soviets had planned an early move into Poland?

A. No. I don't want to say that. But in December, readiness measures which would indicate Soviet capabilities to do that were at a very high level. At that time the Western nations – I'm giving credit to a previous Administration – moved with speed and unity to make it clear what the cost of that would be. And I think it was both timely and effective in deterring a possible Soviet intervention.

Q. Is that one of the major reasons for not wanting to move to a summit, for fear that should a summit be scheduled or be held sometime in the next 6 months, they would then have a free hand to move into Poland?

A. No.

Q. We're not trying to use the summit as a—

A. No. The problem with the summit is that we have a broad range of Soviet behavior patterns that have to be modified. We have a lot of work that has to be done.

Q. There's word that the Administration is considering an effort to

repeal the Clark amendment having to do with reservations on the provision of arms to Angola. The President was asked about the possibility of providing arms to the insurgents in Afghanistan saying that that certainly could be considered. In fact, there's been some covert supply for some time, although not officially conceded. As part of our facilities negotiations with Somalia, which provide or sell guns, additional weapons on credit—which, in fact, will constrain the Russians and Cubans in Ethiopa—are we, are you, in this Administration looking to a more assertive counterstrategy in some of these areas of concern?

A. What we are looking for is a reversal of Soviet intervention; it is an illegal intervention. Now the preference would be through moderation on the part of all the powers permitting developing states, that are undergoing social change, to do so within their own resources without resort to bloodshed and terrorism. Our approach in dealing with that problem is broad and flexible, and we have to be prepared to proceed, in the light of a number of alternatives open to the Soviets, to either modify or contain it.

Q. Is Savimbi [Jonas Savimbi, President of the National Union for the Total Independence of Angola] coming here? We heard he was either here last week or—

A. No. I don't think so. He may be coming. I don't know of any date or fixed visit.

Q. When you say illegal Soviet intervention, you puzzle me. Is there legal interventionism? By what yardstick are you applying that kind of a word?

A. What I'm really trying to emphasize, when I use that term, is to suggest that for 2,000 years man has sought to establish a code, both formal and informal, of international behavior and rule by law. We are a nation of rule by law. Western civilization is built on that concept, and what we are trying to emphasize is that what has been a Soviet strategy of longstanding—a two-tiered strategy, where first, through subversion, covert activity within a target country, you create a so-called correlation of forces which then justifies direct or proxy intervention in a substantial way with arms, troops, and what have you—that's a longstanding, classic Marxist strategy, and it offers no surprises to students of Marxism.

The problem is that we have seen it broaden, be extended and, if you will, we have witnessed a fundamental modification of the so-called Brezhnev doctrine which had historically been applied to areas within the sphere of Soviet interests and is now being applied in Africa, Southeast Asia, the Persian Gulf, and in this hemisphere. This is the crux of the core of the problem.

Q. But the Brezhnev doctrine has to do with stepping in to support a Socialist state that's in trouble.

A. Within the social sphere—this represents a diversion or an extension of the Brezhnev doctrine.

Q. In the sense that the Russians feel that they can now go directly into an area where there is not even a Communist government in power, a Communist movement contending for power, and just with impunity—

A. You can parse that out with two points of view, both the point you mentioned and, also, the point of view of spheres of influence. We have seen the Hungarys and the Czechoslovakias, and the only time Soviet troops have been used since the Second World War has been within the Soviet sphere or the Brezhnev doctrine sphere. Their movement into Afghanistan was an unprecedented departure. Just as the covert and proxy activities in Africa and the Persian Gulf and this hemisphere are an unacceptable extension of—

Q. What could you reasonably expect the Russians to do in Afghanistan in the near future, when you say "moderate" their activity. They have between 80,000 and 85,000 troops—

A. Wrong. Totally wrong.

Q. Do you think that's within the realm of possibility?

A. Yes, indeed, I do.

Q. Why?

A. Because they have no business there.

Q. That was your Brezhnev doctrine. They had a self-proclaimed Communist government that the State Department in April of 1978 totally ignored, and the President discovered at the end of 1979—as you remember.

A. You remember. I was popping off in Europe.

Q. I remember that too. [Laughter]

Q. But, you know there was a willingness here not even to look at the Communists moving in. The only point I'm trying to make is that Brezhnev could see this as a Communist government in power within the framework of his own doctrine.

A. The point is that it's an unprecedented move. I would suppose that if we are unclear about these things, we invite miscalculation on the part of the Soviets. And we were unclear. I have always believed that our dealings with the Soviets are best served by clear delineation of lines which cannot be crossed without damage to our relationships. I think they behave better under that kind of a clear situation, and I know miscalculations are inevitably reduced, even if it is somewhat more brittle at times.

Q. How far are we prepared to go in El Salvador to prevent a Marxist, a Communist takeover there?

A. I think your question would be better posed if you would say how far are we prepared to go to prevent Cuban interventionism, to call a halt to Cuban interventionism in the hemisphere. The best answer to that is that we are determined to do so. I would intervene if necessary.

Q. How is this, as far as keeping this particular government in power in El Salvador?

A. With respect to the regime, to the internal affairs of El Salvador, it's our belief that that's a problem for the people of El Salvador. In that context, we believe the best chance for the people to express themselves is through elections. We also believe that the [President Jose Napoleon] Duarte regime is dedicated and has committed itself to that proposition—to hold and to conduct early elections. It would be in our interest and it is our desire for the people of El Salvador, of various factions and parties, to have it out at the ballot box and not with bullets.

Q. MacGuigan [Mark R. MacGuigan, Canadian Secretary of State for External Affairs] seemed concerned at the breakfast session you had with him that provision of too many arms would strengthen the

able to pay for it at current rates of interest. Therefore, we are requesting FMS financing at reduced interest rates for certain African countries. In support of our own national security interests and foreign policy objectives, we are requesting enhanced support for both Sudan and Kenya. Recognizing the value this program has as a foreign policy resource of considerable long-term value to U.S.-African relations, we are also requesting increased IMET for Africa.

Persian Gulf/Indian Ocean

In support of our strategic interest in this region, we are proposing the following:

Sudan. We are requesting $100 million in FMS and $1.3 million in IMET for Sudan. Sudan is expected to use the FMS funds, which we are proposing at a reduced rate of interest, to accelerate its military modernization program. For example, we would expect the Sudanese to purchase tanks, additional armored personnel carriers, artillery, antiaircraft weapons, and spare parts. Our enhanced program request is designed to help Sudan deal with the increased tensions in the region and the potential threat from Libya. Our IMET program would complement Sudanese purchases of U.S. weapons and provide training in the essentials of modern military management.

Kenya. We request $51 million in FMS and $1.3 million in IMET for Kenya, which permits the U.S. Navy access to its port facilities. The primary objective of our FMS program, all of which is proposed at reduced rates of interest, is to assist in Kenya's armed forces modernization. It is expected to concentrate on strengthening Kenya's air defense and air transport capability and to allow continued support of the F-5 program and the development of a credible mobile antitank force. The IMET program will continue to be directed toward developing expertise and systems needed for effective management of Kenya's defense establishment and fostering the growth of an indigenous training capability. Some of this training will be done by U.S. mobile training teams in Kenya and some training will be in the United States.

Somalia. For this country, with which we have negotiated a military facilities agreement, we are requesting $20 million in FMS credits and $0.350 million in IMET. The FMS credits are being proposed at reduced rates of financing, and it is envisaged that the Government of Somalia will purchase air defense, communications, and engineering equipment. IMET training will be related to this equipment.

Djibouti. For Djibouti, a strategically located nation at the Bab-el-Mandeb between the Red Sea and the Gulf of Aden, we request $1.0 million in FMS credits and $0.1 million in IMET. Our FMS would finance an engineering company with a mission to create a transport and communications infrastructure.

Southern/Central Africa

For Southern/Central Africa we are requesting the following in FMS and IMET.

Zaire. We are requesting $10.5 million in FMS and $1.56 million in IMET for Zaire. Our security assistance relationship with Zaire serves both our foreign policy and national security interests. It also provides the essential underpinning for an effort which we and our allies are engaged in to encourage and help sustain reforms now underway in the Zairian Armed Forces. The IMET program helps assure the most effective use of FMS-financed equipment as well as provide professional and technical training for selected military personnel. We expect the Government of Zaire to request FMS financing for the maintenance and support of previously supplied C-130 aircraft as well as spare parts for U.S.-supplied ground transport, patrol boats, communications equipment, and additional jeeps and trucks.

Botswana. For this country, we are requesting $0.5 million in FMS and $0.1 million in IMET. We expect our FMS to help finance purchases for the Botswana defense force.

Gabon. For Gabon, a moderate African state in which we have important political and growing economic interest, we are requesting $2.6 million in FMS and $0.1 million in IMET. FMS financing would assist Gabon in equipping its *gendarmerie* platoons to become a credible patrol force to protect unmarked frontiers.

Cameroon. We request $1.5 million in FMS and $0.1 million in IMET for Cameroon, a friendly African state whose security could be jeopardized by the Libyan military presence in neighboring Chad. Our assistance is proposed for the purchase of jeeps, trucks, communications equipment, and spare parts for previously purchased U.S. vehicles.

Rwanda. We request $1.5 million in FMS and $0.05 million in IMET for Rwanda, to assist that nation strengthen its armed forces' noncombat capabilities

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Military Assistance to Liberia

DEPARTMENT STATEMENT, APR. 1, 1981[1]

The United States has a longstanding military assistance program in Liberia. During the 1970s we provided annual IMET [international military education and training] programs ranging up to $300,000. FMS [foreign military sales] programs were initiated in 1956, and credit amounts of up to $1.8 million have been extended annually since FY 1975. Total military assistance through FY 1979 was $17.9 million.

The military leaders of the new government have looked to the United States for military assistance just as they have for economic assistance, but as soldiers whose grievances about poor living conditions sparked the April coup, they have put great emphasis on improving the training, living conditions, and morale of their military colleagues.

The United States has responded to Liberia's requests for military assistance because of our interests and the expectations of the Liberians and of our other friends around the world that we take the lead in helping Liberia.

In FY 1980 we provided $2.47 million in FMS credits and $230,000 in IMET funds. In FY 1981 we have already signed agreements for $1.7 million in FMS credits and allocated $449,000 in IMET programs. In addition, we have provided an emergency shipment of 20 trucks under provision 506(a) of the Foreign Assistance Act.

This Administration has decided to continue these efforts to upgrade the Liberian military through the use of mobile training teams and training exercises as well as providing additional FMS credits for military housing construction and force modernization.

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[1] Read to news correspondents by Department spokesman William J. Dyess. ■

through the purchase of dual purpose nonlethal equipment and related training.

West Africa

We propose only two FMS programs for West Africa.

Liberia. We are proposing $12.3 million in FMS and $0.6 million in IMET for Liberia. The armed forces there depend almost entirely on U.S. security assistance for equipment and military training. Our proposed program will allow the purchase of new equipment, will provide training for the Liberian Army, which has been totally reorganized since the April 1980 coup, and will assist Liberia's military housing construction program, which is the government's top military priority. In view of Liberia's economic problems, we propose FMS financing at reduced rates of interest.

Senegal. We propose $2.0 million in FMS and $0.350 in IMET for Senegal. Our security assistance is designed to show U.S. support for Senegal's moderate foreign policy as well as its commitment to democracy at home, to promote regional stability, and to continue U.S. access to Senegal's excellent communications and transport facilities. Senegal is expected to use the proposed financing to purchase, among other items, jeeps and spare parts for engineering equipment. The IMET funds will be used for related and professional training.

Let me also highlight the fact that we are proposing several new IMET programs—in the Congo, Cape Verde, Zimbabwe, Djibouti, Equatorial Guinea, and Guinea-Bissau. These programs are small and designed to allow these countries an opening to professional military training in the United States.

Let me again stress the importance which this Administration attaches to maximizing the effectiveness of our foreign policy resources in pursuit of our interests in Africa. Those interests are increasing, as are Africa's needs. At a time of budgetary restraint, we believe the requests before this subcommittee represent our best attempt to utilize our resources in support of our priority interests.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

CANADA

Maritime Boundary Treaty

Following are statements by Ambassador Rozanne L. Ridgway, Counselor of the Department of State, and Mark B. Feldman, Acting Legal Adviser, before the Senate Foreign Relations Committee on March 18, 1981.[1]

AMBASSADOR RIDGWAY

I appreciate very much the opportunity to appear before you today in connection with your consideration of the maritime boundary settlement treaty with Canada. I am accompanied by the Acting Legal Adviser of the Department of State, Mark Feldman. Mr. Feldman was the negotiator of the treaty and will be the principal witness for the Administration as you take up the question of whether to recommend that the Senate give its advice and consent to this document.

It seems appropriate, however, given all that we have been through together, that as you open your consideration of the question, I share with you our view of the events of the past months. In addition, there are several matters related to the maritime boundary settlement treaty and the fishery treaty, which the Administration has asked be returned to it unacted upon, which we think will be of interest to this committee.

When Secretary of State Haig appeared before this committee in connection with his confirmation hearings, he and you agreed that the question of the U.S.-Canadian East Coast maritime boundary settlement and fishery treaties, which had been before the Senate for 2 years, was "a matter of priority." Subsequently, Secretary Haig assured the committee that he would elicit the views of all concerned as he prepared his recommendations to the President on how best to proceed with the question of the future of the treaties, linked so that neither could come into force without the other.

In the first week of February, Secretary Haig asked that I represent him in this review. This is the occasion for me to express thanks to you, to the members of the committee, to interested Members of the House, and to staff members who have been so generous with their time. You made it possible for us to understand the full range and depth of the views of Congress on the content and the disposition of the treaties. There was never any doubt in our minds that together we were concerned not only with our fisheries and maritime boundary interests but also with our country's interest in a positive and constructive relationship with Canada. If you will permit me, I would like to say thank you to everyone for their wisdom and their guidance and their willingness to share both with us.

It was clear as the review proceeded that there were only two realistic courses of action for the United States to pursue with respect to the treaties. We could either do nothing or we could attempt to advance at least a portion of the problem toward a solution. The latter course was chosen. The President, by his letter to you of March 6, asked for your favorable consideration of the maritime boundary settlement treaty and the recall of the fishery treaty. During his recent visit to Ottawa he explained this action, and his reasons for it, to Prime Minister Trudeau. We appreciate the promptness with which you have moved to take up the maritime boundary settlement treaty.

In all of the discussions with the interested American parties there was no one who was against conservation or who was against management or, indeed, who was against some document to express that portion of our fishery interest which we have in common with Canada. I think it important to say that everyone concerned was responsible, was alert to the need for perceptive and imaginative steps to meet the particular fishery resource challenges in our future and looked to that future, when we have a boundary, to build a pragmatic and practical fishery relationship with Canada.

Some believed that the failure to achieve progress because of the fishery treaty represented the power of a single regional bloc to thwart the national interest. That is an unfair judgment. The fishery treaty which we have asked be returned, in fact, deals only with the interests of a single region. What else should be key except the views of that region? All were concerned, all believed that a solution had to be found, that somehow progress toward the core problem – that is, the lack of a maritime boundary – ought to be achieved. The interests and the views expressed were of questions such as East-West relations, the tension that exists in the international community, and a number of bilateral issues. All in all, we had very fruitful meetings and through these meetings, I explained to the American side very clearly that Japan, as a member of the Western world, is determined to fulfill its responsibility and its role for world peace. The primary purpose of my visit to Washington is to reaffirm and strengthen further the relationship of trust that exists between our two countries, and I feel confident that we can do that.

Q. Has the Reagan Administration asked the Japanese Government to cooperate in setting some voluntary restraints on exports of Japanese automobiles? And even if it has not, would the Japanese Government and the Japanese automobile industry be prepared to exercise some voluntary restraints in exports?

Foreign Minister Ito. The other question was taken up in my meeting with the President as well as with the Vice President and also with the Secretary of State. Through these meetings, I have heard a very clear explanation of the situation of the American auto industry, the plight in which that industry finds itself, as well as the mood and the moods on the Hill.

The agreement that came out from the meeting is, first, that a major objective is to preserve the principle of free trade. As to the specifics of what methods might be followed in pursuance of this objective, there will continue to be discussions between the two sides and with – through these meetings, at this time, we did not go into the specifics of what kind of steps might be desirable on the part of Japan and so forth.

What we are trying to strive for is to bring about satisfactory resolution of the problem as soon as possible, hopefully, before the Prime Minister's visit.

Q. Secretary Haig, will you further elaborate on the areas of disagreement?

Secretary Haig. With respect to the automotive question, the Foreign Minister described it as it was. We had a very free exchange of views and an exchange of conerns on the subject. I would not care to add one word to what the distinguished Minister said. In the area of differences of opinion, or differences of emphasis, I think, clearly, we've had longstanding problems in the area of peaceful uses of nuclear energy, exchange of technology and materials with respect to this which I would anticipate will be the subject of further discussions between ourselves and our Japanese friends with a view toward greater flexibility than heretofore on the U.S. side.

There were discussions in the areas of great importance to our Secretary of Commerce, Mr. [Malcolm] Baldrige, in the fishing area, and we will proceed to try to resolve these differences in the mutual interest of both governments and both sectors of our society. I would suggest that we had discussions not to indicate that there were differences but really to indicate that we have to broaden our dialogue in this area and in the areas of security-related issues.

We were able and our defense minister was able to outline, clearly, American plans in this area, and they hope that all of our partners in the community of nations will carry their share. We have, I think, clarified each others' thinking in important ways in our dealings with the East and West, especially in the light, as the Minister pointed out, of the continuing Soviet presence in Afghanistan and the tensions that that has caused internationally. We discussed regional balances and the pressures developing in the Far Eastern area and the need to maintain stability and a continuing structure for peace.

Q. The American side asked the Japanese side to undertake voluntary restraints because the alternative might be mandatory restraints from our side?

Secretary Haig. I'm not going to go beyond the statement made by our visitor which coincides with the answer I would have given you had the question come to me, and I think enough was said on that subject for now.

Q. You mean to say that you will not say whether a specific request was made?

Secretary Haig. I'm not trying to go beyond the description that our distinguished visitor laid out, and that speaks for itself. We can go through a prying exercise, but there'll be no response beyond –

Q. If you didn't come to an agreement here today, when will you have an agreement? What's your deadline?

Secretary Haig. On what?

Q. Cutting the imports of Japanese cars. And why don't you consider this visit a failure because you didn't have more of a concrete result?

Secretary Haig. No. There's no failure – that term would be totally inappropriate. There's been no discussion of an agreement. We are exchanging views on a complex matter, and we will continue to do so.

Q. You have a deadline?

Secretary Haig. No. We don't have a deadline. I'm sorry. There are no deadlines. There are no negotiations underway. We are merely exchanging views on this sensitive and complex issue with the view toward our concern about the maintenance of free trade internationally.

Q. William Casey [Director of Central Intelligence] was reported to have asked Prime Minister Suzuki to render aid to Pakistan. Was this discussed with the President and Secretary Haig?

Foreign Minister Ito. I am not familiar with the particular report that you have just referred to, but in my meeting I did explain to Secretary Haig about my visit to Pakistan which took place last September. I explained to him how positively we are providing assistance to Pakistan, and I explained to him also how important Pakistan is, in my view, in that part of the world. But I did not go into the question of what we would like the United States to do, and so forth.

Q. Has the United States at any point, either through Secretary Haig or President Reagan, expressed the interest that the Japanese should perhaps increase their defense spending or do more for the defense of the West?

Foreign Minister Ito. In my discussion with the Secretary of Defense there were references to the American defense budget and the efforts that the U.S. Government is making, but there was no specific discussion of what the United States would like Japan to do with respect to Japan's defense budget and so forth. There was a general expression of expectation that more be done by Japan.

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[1] Press release 72 of Mar. 25, 1981.■

Sixth International Tin Agreement

by Michael Calingaert

Statement before the Subcommittee on Treasury, Postal Service, and General Government of the House Appropriations Committee on March 19, 1981. Mr. Calingaert is Deputy Assistant Secretary for Economic and Business Affairs.[1]

I am very pleased to testify here today on behalf of the Administration's request for $120 million to meet U.S. obligations to the buffer stock of a sixth International Tin Agreement (ITA). Negotiations for this new agreement are underway in Geneva right now. The outlines of the new agreement are fairly clear, and it promises to be far different from the existing agreement.

The Ford Administration decided in 1976 that the United States would join the current, or fifth International Tin Agreement, which was ratified by the Senate September 15, 1976. It has been extended for the maximum permissible period of 1 year and will now expire June 30, 1982. Thus, if the United States joins a new tin agreement, it will be liable for financial obligations to that agreement in July 1982.

When the negotiations for a new tin agreement are completed, the Administration will carefully review the agreement to determine whether it is in our national interest to participate. If so, it will be sent to the Senate for advice and consent to ratification, and the necessary authorizing legislation will be submitted to both Houses. At this time, we do not know the precise details of the new agreement, but we do know its general provisions. I would like, however, to sketch for you the general principles which we seek to have incorporated in the new tin agreement, in order that it will provide equitable benefits for tin consumers as well as tin-producing nations.

Price Stabilization

For many years, it has generally been U.S. policy to examine international commodity problems on a case-by-case basis and to support the concept of international commodity agreements for those few products where there have been severe price fluctuations and where internationally agreed upon measures appeared to offer workable and appropriate solutions. Although the term "commodities" covers a broad range from tin and natural rubber, for example, to sugar and coffee, these commodities have a number of common attributes.

- They are important revenue earners for developing nations.
- They are principally consumed by the industrialized countries.
- They are subject to cyclical fluctuations in supply or demand.

Arising from such varied causes as weather conditions or rapid changes in economic activity in the industrial world, these fluctuations can result in sharp surges, upward and downward, in price levels. This type of unstable price activity causes difficulties for the exporting developing nations owing to unpredictable changes in foreign exchange receipts, may result in long-term loss of markets for the product in question, and may discourage investment in new, more efficient production capacity.

In the case of certain products, we have advocated use of large buffer stocks as an appropriate price stabilization measure, together with supply assurances and other measures to encourage production to respond to market forces. We have, in these cases, viewed buffer stocks as the device most likely to be economically efficient and to yield benefits for consumers as well as producers.

Simply stated, when a buffer stock mechanism is used to stabilize prices in an international commodity agreement, the organization established by the agreement purchases the commodity when prices drop below an agreed upon point and keeps on buying until the price returns to the desired level. Subsequently, when prices exceed an agreed upon level, sales are made in order to drive prices down to the desired range. The existence of price-stabilizing commodity arrangements is intended to offer an enhanced environment for productive new investment and to offer the benefits of greater market stability to efficient producers and to consumers.

The Foreign Policy Context

As a group and individually, the developing countries have a continuing and strong interest in world commodity trade. For many of them, raw material exports remain an essential source of foreign exchange earnings and employment. Many of these nations place great store, as they evaluate our concern for their political stability and development, on what we show ourselves ready to do to help alleviate commodity market instability.

U.S. commodity initiatives in the past have, thus, often earned us useful political dividends at marginal costs. They have contributed to our set of cooperative relationships with important countries such as Brazil, Indonesia, the Philippines, and Malaysia. Although we cannot satisfy many of their demands, our demonstrated willingness to listen and to act, where possible, is often a major plus in our overall relations with these countries. This also creates a basis for achieving other U.S. economic, strategic, and political goals in these countries.

Participation in the International Tin Agreement not only provides the United States with potential economic benefits through price stabilization but also contributes to our interest in supporting the progress and stability of a number of friendly developing nations, including three key members of the Association of South East Asian Nations (ASEAN) – Malaysia, Thailand, and Indonesia. The United States has an important strategic interest in supporting these nations in the face of increasing Soviet and Vietnamese military activity in Southeast Asia. The world's fourth largest tin exporter is Bolivia, a nation whose views of the United States have often been colored by its perception of our tin stockpile policy.

U.S. Objectives in a New Tin Agreement

As members since 1976 of the fifth tin agreement, we have determined that the

tain provisions, July 1, 1978, with respect to other provisions. TIAS 9459.
Accession deposited: Morocco, Feb. 5, 1981.

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement), 1971 (TIAS 7144). Done at Washington Apr. 25, 1979. Entered into force June 23, 1979, with respect to certain provisions, July 1, 1979, with respect to other provisions. TIAS 9878.
Accession deposited: Morocco, Feb. 5, 1981.

Food aid convention, 1980 (part of the international wheat agreement), 1971, as extended (TIAS 7144, 9878). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.
Accession deposited: Spain, Feb. 24, 1981.

BILATERAL

British Virgin Islands
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with related letter. Signed at Washington Feb. 18, 1981. Enters into force upon the exchange of instruments of ratification.

Bulgaria
Agreement on maritime transport, with exchanges of letters. Signed at Sofia Feb. 19, 1981. Entered into force Feb. 19, 1981.

China
Agreement relating to the reciprocal issuance of visas to crew members of aircraft and vessels. Effected by exchange of notes at Beijing Jan. 7, 1981. Entered into force Jan. 7, 1981.

Agreement modifying the consular convention of Sept. 17, 1980. Effected by exchange of notes at Beijing Jan. 17, 1981. Enters into force at the same time as the consular convention.

Egypt
Agreement relating to cooperation in the areas of science and technology. Signed at Cairo Jan. 11, 1981. Entered into force Jan. 11, 1981.

Agreement on health cooperation. Signed at Washington Jan. 13, 1981. Entered into force Jan. 13, 1981.

El Salvador
Agreement for sales of agricultural commodities. Signed at San Salvador Jan. 22, 1981. Entered into force Jan. 22, 1981.

Germany, Federal Republic of
Agreement amending and extending the technical exchange and cooperative arrangement of Dec. 20, 1974, (TIAS 9067) in the field of management of radioactive wastes. Signed at Bonn Mar. 19, 1980. Entered into force Mar. 19, 1980.

Guyana
Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Georgetown Jan. 13 and 22, 1981. Entered into force Jan. 22, 1981.

Hungary
Agreement extending the air transport agreement of May 30, 1972, as amended and extended (TIAS 7577, 8096, 8617, 9789). Effected by exchange of notes at Budapest Dec. 31, 1980. Entered into force Dec. 31, 1980; effective Jan. 1, 1981.

India
Agreement amending the agreement of Dec. 30, 1977, as amended (TIAS 9036, 9232), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Dec. 12 and 22, 1980. Entered into force Dec. 22, 1980.

Iran
Declarations of the Government of the Democratic and Popular Republic of Algeria concerning commitments and settlement of claims by the U.S. and Iran with respect to resolution of the crisis arising out of the detention of 52 United States nationals in Iran, with undertakings and escrow agreement. Initialed at Algiers Jan. 19, 1981. Entered into force Jan. 19, 1981.

Israel
Agreement concerning claims arising from damage to the U.S.S. *Liberty*. Effected by exchange of notes at Washington Dec. 15 and 17, 1980. Entered into force Dec. 17, 1980.

Japan
Technical exchange arrangement in the field of regulatory matters, with memorandum of intent. Signed at Washington and Tokyo Sept. 12 and 29, 1980. Entered into force Sept. 29, 1980.

Kenya
Agreement for sales of agricultural commodities. Signed at Nairobi Dec. 31, 1980, and Jan. 7, 1981. Entered into force Dec. 31, 1980.

Malaysia
Agreement amending the agreement of May 17 and June 8, 1978, as amended (TIAS 9180, 9602), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington and New York Dec. 30, 1980 and Jan. 20, 1981. Entered into force Jan. 20, 1981.

Mexico
Cooperative agreement relating to construction of a laboratory to assist the Government of Mexico in combatting the Mediterranean fruit fly (MEDFLY). Signed at Washington and Mexico Aug. 17, 1978. Entered into force Aug. 17, 1978.

Agreement amending the cooperative agreement of Aug. 17, 1978, relating to construction of a laboratory to assist the Government of Mexico in combatting the Mediterranean fruit fly (MEDFLY). Signed at Washington and Mexico Nov. 12, 1980. Entered into force Nov. 12, 1980.

Agreement amending the agreement of June 2, 1977, (TIAS 8952) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Jan. 2, 1981. Entered into force Jan. 2, 1981.

Agreement relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Jan. 3, 1981. Entered into force Jan. 3, 1981.

Agreement amending the agreement of May 22, 1978, (TIAS 9248) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Jan. 27, 1981. Entered into force Jan. 27, 1981.

Convention for the recovery and return of stolen or embezzled vehicles and aircraft. Signed at Washington Jan. 15, 1981. Enters into force on the date of the exchange of instruments of ratification.

International express mail agreement, with detailed regulations. Signed at Mexico Feb. 13, 1981. Enters into force on the date mutually agreed upon.

New Zealand
Memorandum of understanding concerning cooperation to assure the sanitary quality of bivalve mulluscs exported to the U.S. Signed at Washington and Wellington Oct. 14 and 30, 1980. Entered into force Oct. 30, 1980.

Treaty on the delimitation of the maritime boundary between Tokelau and the U.S. Signed at Atafu Dec. 2, 1980. Enters into force on the date of exchange of instruments of ratification.

Nigeria
Agreement for the provision of technical services in the preparation of a comprehensive soil survey of Nigeria. Signed at Lagos Sept. 22, 1980. Enters into force after signature by representatives of the parties and after the deposit by the Nigerian Ministry of Agriculture in the account of the initial sum agreed upon or the issuance of an irrevocable letter of credit.

Norway
Agreement concerning fisheries off the coasts of the U.S., with annex and agreed minutes. Signed at Washington Jan. 26, 1981. Enters into force on a date to be mutually agreed by exchange of notes, upon the completion of internal procedures of both governments.

Peru
Agreement for sales of agricultural commodities, relating to the agreement of Apr.

26, 1978, (TIAS 9604) with memorandum of understanding. Signed at Lima Feb. 5, 1981. Entered into force Feb. 5, 1981.

Romania
Agreement extending the agreement of Dec. 4, 1973, as renewed and amended, (TIAS 7901, 9431) relating to civil air transport. Effected by exchange of notes at Bucharest Jan. 23 and 30, 1981. Entered into force Jan. 30, 1981.

Somalia
Agreement for sales of agricultural commodities, relating to the agreement of Mar. 20, 1978 (TIAS 9222). Signed at Mogadishu Jan. 12, 1981. Entered into force Jan. 12, 1981.

Sri Lanka
Agreement amending the agreement of May 12 and 14, 1951, as amended and extended (TIAS 2259, 4436, 5037, 7126, 8414), relating to the facilities of Radio Ceylon. Effected by exchange of letters at Colombo Nov. 28, 1980, and Jan. 22, 1981. Enters into force after the legal requirements for the approval of each government have been satisfied and a subsequent exchange of diplomatic notes to this effect has taken place.

Sudan
Agreement for sales of agricultural commodities, relating to the agreement of Dec. 24, 1977 (TIAS 9157). Signed at Khartoum Jan. 19, 1981. Entered into force Jan. 19, 1981.

United Kingdom
Agreement between the Lords Commissioners of Her Majesty's Treasury and the U.S. Treasury relating to gold exchange. Signed at London Jan. 16, 1981. Entered into force Jan. 16, 1981.

United Nations
Third supplemental agreement regarding the headquarters of the U.N., with annexes. Signed at New York Dec. 10, 1980. Entered into force Dec. 10, 1980.

U.N. High Commissioner for Refugees
Agreement relating to assistance with Cuban refugees. Done at Geneva May 16 and 21, 1980. Entered into force May 21, 1980.

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[1] Does not include IV 1–19.
[2] Does not include V 5–6.
[3] Does not include VI 8, 9, 10.
[4] Does not include VII 4, 5, 9.
[5] Does not include VIII 1, 2, 5, 9.
[6] Not in force.
[7] Does not include III 8.
[8] Applicable to the Kingdom in Europe and the Netherlands Antilles.
[9] With reservation.
[10] With declaration.
[11] Not in force for the U.S.
[12] Reservation as to the application to the Faroe Islands and Greenland.
[13] With a statement. ■

February 1981

February 1
Robert E. White is dismissed as U.S. Ambassador to El Salvador by Secretary Haig.

February 10
Cynthia Dwyer, American freelance journalist, departs Tehran after being held for 9 months on charges of espionage.

February 20
Reagan Administration lifts the restriction on Export-Import Bank financing for trade with Chile because it was inconsistent with provisions of the Chafee amendment to the Export-Import Bank Act.

February 23
State Department releases report on Communist support for insurgent forces in El Salvador.

February 24
The following newly appointed Ambassadors presented their credentials to President Reagan: Charles A. T. Skeete of Barbados, Keith Johnson of Jamaica, and Saud Al-Sabah of Kuwait.

February 25
British Prime Minister Margaret Thatcher visits U.S. and makes official visit to Washington, D.C., Feb. 25–28.

February 28
State Department announces that the U.S. is assigning a 6-man naval training team to El Salvador to assist the Salvadoran navy in maintaining its patrol boats. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
28	2/1	Alexander M. Haig, Jr., sworn in as the 59th Secretary of State (biographic data).
*29	2/2	L. Paul Bremer III named Executive Secretary of the Department (biographic data).
*30	2/3	Robert Lyle Brown named Inspector General of the Department (biographic data).
*31	2/3	Richard R. Burt named Director of Politico-Military Affairs (biographic data).
*32	2/3	Joan M. Clark named Director General of the Foreign Service (biographic data).
*33	2/3	Paul D. Wolfowitz named Director of Policy Planning (biographic data).
*34	2/3	Sherwood D. Goldberg named Executive Assistant to the Secretary (biographic data).
*35	2/6	U.S., Malaysia amend textile agreement, Dec. 30 and Jan. 20.
*36	2/6	U.S., Thailand amend textile agreement, Nov. 13 and 17.
*37	2/6	U.S., India amend textile agreement, Dec. 12 and 22.
*38	2/10	U.S. Organization for the International Radio Consultative Committee (CCIR), study group 6, Feb. 26.
*39	2/10	CCIR, study group 1, Mar. 4.
*40	2/10	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, Feb. 25.
*41	2/10	CCITT, national committee, Feb. 24.
*42	2/10	Advisory committee on the Law of the Sea, Feb. 18 (closed).
*43	2/10	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on radiocommunications, Feb. 1[illegible]
*44	2/10	SCC, SOLAS, working group on radiocommunications, Feb. 19.
*45	2/11	Haig: remarks at the presentation of the Charles Evans Hughes gold medal to Walter Cronkite by National Conference of Christians and Jews, New York, Feb. 9.
*46	2/19	CCIR, study group CMTT, Mar. 11.

which includes coordination with leftist, Marxist-Leninist elements in a number of Central American states.

Q. The Cuban involvement, then, has not slackened. Is that what you're saying?

A. I think it would be difficult to say that it has not slackened. We have witnessed some drop off in the level of activity we had witnessed before we took the positions we did. There is a considerable amount of armaments from Eastern Europe in the pipeline. Whether they are going to remain in Cuba or remain in Nicaragua, remains to be seen.

Q. As a matter of policy, are you and the others in the Administration going to—I don't know how to put it—are you going to quit talking about El Salvador as much as you have until now?

A. Not at all. I think you don't establish ground rules; you must deal with events as they occur. The situation in El Salvador is an important one; it's a serious one. It's been the subject of a great deal of controversy, as you know. There has been a great deal, I think, of misunderstanding with respect to U.S. objectives and motives there.

For example, I find that despite the fact that we repeatedly introduce any comments on the internal situation in El Salvador with the clear objective that we have set for ourselves—to avoid extreme outcomes of the left or the right and a desire to achieve social change, social progress, economic development, and a free choice by the people of El Salvador—there seems to be always a great deal of emphasis on the $25 million or $35 million of military assistance on the so-called Vietnam parallel. This I don't think is justified by the situation. That is our problem: We have to cope with it by reiterating on every occasion what our objectives are.

Q. Can I ask you to make the objective more precise for us? Is it to strengthen the Duarte junta forces so that they can destroy, wipe out, and defeat the guerrillas by military action? Or is it to bring about some kind of political negotiations and a settlement before that takes place?

A. Let me describe it as, basically, twofold. First, it is to terminate or to see that the influx of arms to the extreme left in El Salvador from external sources, whose objectives are clearly not those of the Salvadoran people, are terminated. That's one facet of our objective. The second is to create the circumstances to provide the Duarte government, which we view as the best and most solid platform for future social reform and an ultimate democratic process in the country, and to do that through the early realization of elections, the electoral process. And it seems today that most of the elements in El Salvador are in favor of the elections with the exception of the extreme left, which I don't think would fare very well in such elections, which says something in its own right.

What we're talking about is preventing the introduction of illicit arms, and beyond that, advice, control, and direction which is also evident; and to bring about an early manifestation of the will of the people and their own self-determination, and to decide for themselves what kind of government they want.

Q. Does that involve militarily defeating the guerrilla movement?

A. I think that's a question which is hard to answer. I think the Archbishop of San Salvador—Bishop Rivera—over the weekend, commented that the guerrillas have lost the support of the people, that they are viewed as not interested in the welfare and the social development of El Salvador. Whether they determine that on their own right and abandon bloodshed, terrorism, and murder for a ballot box contest, which we would hope, is a question that only time can answer.

Q. One of the questions that has been raised about American policy among other Western allies—like West Germany, which is a social democratic government—is that your policy appears to be making the guerrillas appear monolithically Marxist-Communist-led and -motivated, whereas they say there are a lot of people in that movement with whom they—social democrats—are sympathetic, who are liberals and non-Communists. How do you assess the complexion of the guerrilla movement?

A. I think essentially it's leadership, with command and control. Its external support is Marxist-Leninist. There are, of course, a number of elements who have associated themselves with the guerrilla action which could not be fairly described as Marxist-Leninist. For example, the Socialist Party, itself, and their leadership joined the Marxist-Leninist group and, unfortunately, the consequence of that was to discredit that movement in the eyes of the people of El Salvador.

I think President Duarte has expressed a willingness to discuss issues internally with any of the elements who are willing to abandon bloodshed and terrorism for the political process. And, of course, we are strictly comfortable with that outcome, although there are skeptics that it will rarely occur until the external command and control ceases.

We have picked up a network of electronic command and control in El Salvador that far exceeds what we saw during the Sandinista phase of the Nicaraguan revolution. It is sophisticated; it is externally run and externally manipulated. I don't think we should lose sight of that.

Q. Many of the papers today have front page stories about the so-called deemphasizing of El Salvador, quoting a top State Department official who is anonymous. What is the purpose of this procedure—announcing policy through an unnamed State Department official, when we know who the official is, and only the public doesn't know. What is the purpose of that? Do you approve of it, and are you going to continue it?

A. I asked myself this morning who the unnamed official was. I think it was Mr. [John A.] Bushnell, our Acting Assistant Secretary for Latin American Affairs, and I think he made a comment at the outset of what was entitled a "background" briefing. Your viewers may or may not understand that "background" means that direct attribution is not made, although you can make reference to "a high official."

This is a question, I think, which the press is best able to answer. We have complied with the desires of the press on a "background" basis. Sometimes it enables the briefing itself, or the briefer, to be somewhat more, shall we say, forthcoming in the discussion with the press. And I don't think you yourselves would recommend elimination of the "background" process. However, it must be used with prudence.

Q. But here we have a case where, seemingly, a change in American foreign policy toward El Salvador was announced by a State Department official, and nobody knows who he is.

A. It's a 24-hour story, because of a decibel entry into "background" by Mr. Bushnell. After all, I think it is clear that we're very concerned about the events in El Salvador. We are not trying to manipulate the level of attention that the press gives. The purpose of Mr. Bushnell's comments was to suggest that there are, indeed, some other events of significance for the American people to be concerned with in the foreign policy area.

Q. You told reporters this morning at breakfast that some low-level meetings between U.S. officials and Soviet officials are going to begin fairly soon. When, between whom, and what is the purpose of them?

A. I think just the fact of that statement is sufficiently clear to suggest that we do anticipate talks on a number of venues, as a matter of fact. We have committed ourselves with our European partners, for example, to discuss, under the two-track system for theater nuclear modernization, some negotiations with the Soviet Union on theater nuclear arms control.

We would have, of course, a dialogue which I would anticipate would take place between Ambassador [Anatoly E.] Dobrynin, when he returns from Moscow, and myself. We have a number of existing fora which involve U.S. and Soviet discussions of longstanding – the Standing Consultative Committee, nuclear weapons, and a number of other areas of interface such as rules of engagement on the high seas, for example. So we have not entered into a period of isolation vis-a-vis the Soviet Union. Precisely, the opposite.

Q. When you begin your talks with Ambassador Dobrynin, are you doing that with the idea that they might eventually lead to conversations between you and Foreign Minister Gromyko, and then maybe finally to a summit meeting between Mr. Reagan and Mr. Brezhnev?

A. Hopefully, of course. I would hope that progress can be made in lower level talks and then intermediate-level talks at the Foreign Minister level which would suggest, at some point, that a head of state, or head of government meeting would be both productive and in order. But I would not want to leave you with the impression that we anticipate that this will occur in the very near future. There are too many outstanding differences between ourselves and the Soviet Union which, unfortunately, have brought the state of world peace to a rather precarious level. We have witnessed Soviet interventions in Africa, starting in Angola in 1976, running through Ethiopia; Southern and Northern Yemen; the first Soviet intervention in Afghanistan followed up by direct military intervention a year later; the overrunning of Kampuchea, formerly known as Cambodia, by North Vietnamese proxies of the Soviet Union.

I think it's clear to the American people – I know it's clear to our Western European partners – that were we to continue to ignore the Soviet activities, the objectives of assuring world peace and international stability would be gravely threatened. Clearly, the time has come for the Soviets to understand that this is no longer acceptable action.

Q. You want them to do something to demonstrate to the United States that they understand that, before you recommend to President Reagan that he talk to Brezhnev?

A. I would anticipate some manifestation of good will and understanding that there must be greater reciprocity and greater restraint in contemporary action.

Q. Do you want the troops out of Afghanistan?

A. Our ultimate objective and that of our allies, of the Islamic conference, and a number of Third World leaders as well is to achieve the total withdrawal of Soviet forces and the neutrality of Afghanistan. That is not an abandoned objective by this Administration. However, the timing of that is going to be associated with guarantees and a sequence that doesn't mean that every last Soviet official has to be out of Afghanistan before talks on other substantive areas could begin. We must maintain flexibility and a progressive sense of purpose.

Q. You mean some token withdrawal would indicate good will?

A. No, no, no. I think we need an understanding that this is going to occur on a given time schedule, and we need some manifestations of other Soviet restraint in other areas, not the least of which is the recent activity in this hemisphere.

Q. Various State Department officials – some named and some not named – have indicated in the last day or so that you are concerned about the situation on the borders of Poland and, particularly, the fact that the Soviets are going to hold military maneuvers. What exactly is the concern?

A. I think we are watching very carefully two recent manifestations of a changing situation in Poland – one being a somewhat harder line, recent evidence from Moscow related to the internal situation in Poland; and secondly, the about-to-be-initiated Soyuz exercise, the scope of which clearly is approaching, if not exceeding the 25,000-man limit provided for in the confidence-building measures of basket III of Helsinki, which incurs, at least, the political liability or obligation of reporting such activities. So we're watching it very, very carefully at the moment.

Q. Has Western intelligence estimated or do you have an idea of how many Soviet troops it would take to subdue Poland if they decided to gamble?

A. I think these estimates have been made by responsible people, and there are a number of varying estimates depending on the circumstances of such intervention, should it occur. But I want to emphasize that we don't necessarily anticipate that such an entry by the Soviet Union is inevitable, imminent, or acceptable from the Western point of view.

Q. Have the Western allies, now that you've had time for consultation – you've seen a number of Foreign Ministers, and there have been some heads of government meetings – now agreed on what they would do if the Soviets intervened?

A. I don't make it a habit on national television to divulge the consequences of what have been intense and extensive consultations on this issue within the alliance and other fora. I think I can say, however, without reservation, that the progress made in these discussions has resulted in the broadest and most detailed consensus that I've witnessed in some time. The bottom line of that consensus is that any intervention by the Soviet Union, directly or indirectly, in the internal affairs of Poland would have grave and lasting consequences to East-West relations.

Q. And have the Soviets themselves been informed directly of what the consequences would be, even though you don't want to make them public?

A. I think the bottom line consequences have been very clear to the Soviet leadership, and I'm very much aware that they are acutely conscious of them. I don't see that they have any desire to move into Poland.

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[1] Press release 66. ■

government to such an extent in El Salvador that it would feel too secure. That might endanger the prospect that elections ever be held.

A. Read what he said in the press conference, especially his elaborations. They happen to be an exact reflection of our private discussion.

Q. Thinking ahead of U.S.-Soviet relations over the course of the next couple of years, what you etched out seems to put a heavy burden on the Russians to make dramatic moves. They want to have trade with us; they want eventually to get most-favored-nation status.

A. I don't see anything dramatic about–

Q. Certainly the withdrawal of 85,000 troops from Afghanistan–

A. We have a firm consensus on that. Western powers–it is our position–we have the U.N. resolution on it; we have nonaligned states, the Islamic conference, everyone. This is a global mandate; there is a global consensus that the Soviets are to withdraw.

Q. Are you saying that this is a precondition for a summit or renewed cooperation with the United States, for high technology exports?

A. I think it's a major factor. I don't use terms like "precondition," because if we had assurances that certain things were going to happen, that would be a major improvement in the current climate, clearly. It doesn't mean that every Soviet corporal has to be out of Afghanistan before improving processes can begin.

Q. Doesn't it make some good sense for you and [Soviet Foreign Minister] Gromyko to sit down reasonably soon, like in several months, and you put this to him directly?

A. What makes sense is that we see some signs of moderation, and there are a number of flashpoints and pressure points where those signs can be evidenced fairly clearly.

Q. What is our leverage?

Q. Talking about El Salvador is one thing, where you seem to see some moderation now.

A. We are seeing some, not moderation, I wouldn't refer to that–people are being killed, there is bloodshed–but we have seen some slackening of the movement of arms through Nicaragua. And we've also seen some evidence of efforts on the part of the Cubans to find alternate routes, and there are still sizable amounts of armaments in the pipeline. We are as concerned, quite frankly, by the movement of arms into El Salvador; we are as concerned by the Army in Nicaragua–the 50,000-man army in Nicaragua with vast amounts of sophisticated military equipment. We're concerned about that, as well as being concerned about the flow of arms into El Salvador.

Q. But don't the Nicaraguans have a right to arm their own army with arms from wherever they can get them?

A. We're not talking about whether they have a right or not; we're talking about whether or not these are trends which we view with equanimity. We don't.

Q. Four times the size of [former Nicaraguan President Anastasio] Somoza's army.

A. Yes.

Q. Where do you see moderation, if the Cubans are seeking alternate routes, or just that some routes have been blown–

A. When I say "moderation," it's a slowing down of the pace, an indication that the guerrillas are hurting for ammunition, and that there has been–when I say "moderation," I think, maybe modification is the better term, but there is a slowdown. Yes, it's very perceptible. Some of the old air routes that we were cognizant of–the radio broadcasts from Nicaraguan territory–have ceased. But we have, as I say, other countering reports that suggest that this is not necessarily a decision to cease and desist and may rather be–

Q. How do you see our leverage vis-a-vis the Soviet Union and its proxies, the Cubans. You're talking about hoping that they will moderate a pattern that has speeded up in recent years. Certainly our going or not going to the summit doesn't provide all that much leverage.

A. No.

Q. Where is our leverage, regionally?

A. I think sometimes we are rather self-conscious about such things. The Soviets are in need of Western credits, in need of Western technology, and they have an urgent requirement for that. They're in need of trade with the West. They must have international legitimacy; they're a regime that must have that. It's becoming increasingly clear; for example, in many Third World areas that have embraced the Soviet arms entries that leaves a legacy that's less than satisfactory–a pervasive Cuban or Soviet presence, no provision of a developmental aid or assistance.

If you look at the Soviet Union today in a global sense, they do less in developmental assistance than any of the larger powers and substantially less than some of our small European partners. So what I'm saying, basically, is there's a great deal of leverage in all the areas I touched upon and, clearly, it's now up to us to integrate more clearly with those who share our values and to shore up our determination to insist that these dangerous trends are terminated. This is in the interest of world peace and international stability. It does not suggest, for a moment, that we Americans are opposed to desirable and necessary social and historic change, especially in developing states. We're in favor of such change.

Q. Can we go to the North-South summit in Mexico?

A. We are conducting discussions with the hosts with respect to the possibility of doing so. No decision has been made. But we are giving it serious consideration.

Q. I'm still curious as to any concern here that if this is a big summit–lots of countries–that they invite the Russians and invite us and both attend, would this backdrop, this North-South backdrop, in fact, be the backdrop of a first meeting between Presidents Reagan and Brezhnev?

A. I don't anticipate that.

Q. Because the Russians would not be invited, or would not attend?

A. I don't anticipate it at any rate. There are a lot of questions to be answered with respect to possible participation by the United States in a North-South summit, but we're in the process of getting the answers.

We are not the orchestrators or the hosts of this summit. These are matters I don't want to intervene in, in a public way, because it complicates our task.

Q. You're going to the Middle

East. Can you tell us what you hope to accomplish on that trip?

A. Yes. I'll have a great deal more to say about that as the trip approaches but, clearly, I think it's very important that we continue on with the peace process itself and that we keep the momentum of that process alive. And, I think it's very important for a new Administration to get a firsthand feel from the parties directly involved, and peripherally involved, to try to find where the hangups have been in the autonomy talks, where the differences are.

We are on the verge of initiating negotiations on the creation of a Sinai peacekeeping force which would permit the withdrawal of Israeli forces from the Sinai. I want to get a careful assessment of the parties' views, the nature and composition of that force in the light of the rejection of the U.N. approach. I want to exchange views simultaneously on strategic regional concerns, the broader sense of the Arab-Israeli dispute, and in a broader sense, the existing concerns with respect to oil and energy access – in other words, broad regional strategic concerns.

Q. Southwest Asia, the Persian Gulf?

A. The crescent, if you will, from Afghanistan through Iran, the Arabian Peninsula, over the Horn of Africa to the northern tier of Africa.

Q. Could I take you back to an earlier question on Gromyko-Haig? Are you considering such a meeting or is there any early discussion of that?

A. I would anticipate talks – as distinct from negotiations – to occur promptly. Now the level at which those talks will be held is yet to be determined, and they will clearly start at something less than the Foreign Minister level.

Q. [Inaudible]

A. Right now we have to get an Ambassador in Moscow, and we are in the process of trying to select one.

Q. I don't understand where this is all going to happen. You have no Ambassador in Moscow. The people up at the U.N.? You've got yourself here with Dobrynin.

A. I would anticipate it being here in Washington, initially. But I don't want to prejudge that. If we're fortunate enough to get an Ambassador in place soon, there may be some discussions at that end.

Q. But as you look toward your trip to Europe, to the NATO meeting, could you parlay that? Could you broaden it into something that would carry you from Western consultations –

A. Let me get a sequence in here. We clearly have been in the process of consulting with our European partners. I've had extensive personal discussions now with five European Foreign Ministers – NATO Foreign Ministers – if you include Canada. We want to be sure that we have a good consultative feel for the entirety of those who share our values. We have the Japanese Foreign Minister coming next week. In an Atlantic community sense I will be going to ASEAN [Association of South East Asian Nations] and ANZUS [Australia, New Zealand, United States pact], probably in June. We will have a NATO ministerial in May. And I have a Middle East trip. Now all of these steps are designed to provide me an opportunity to consult in depth on East-West relations. And, clearly, these consultative discussions are a prerequisite to the kinds of substantial talks your question anticipated. Necessarily so.

We've dedicated ourselves to the proposition that we are, indeed, going to consult in a meaningful sense at the time, not just inform after the fact, not run what I call solo dances or shady condominiums. I'm absolutely convinced from the talks I've already had with our European partners that this is precisely what they want, what they anticipate, what they welcome, what they feel profoundly reassured about today. And these talks have brought forward to me a feeling of a greater consensus which includes a greater sense of concern about the international situation, a shared sense of concern, than I have witnessed in many months and years. And I think it has exceeded what I had hoped for.

Discussions with [German Foreign Minister Hans-Dietrich] Genscher were absolutely superb and reassuring to me, as they were with Peter Carrington [Lord Carrington, British Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development], [French Foreign Minister Jean] Francois-Poncet, and Mark MacGuigan in Canada. This reflects to me an opportunity of unprecedented character to enable us to strengthen our alliances, our regional relationships, to bring about the outcomes that I laid out with respect to East-West relations. And you've got to be prepared, consistent. Sometimes this requires give and take. For example, some of our positions have been modified as a result of these exchanges. I used the term "nobody has a monopoly on virtue," but nobody has a monopoly on wisdom either. And we enrich and strengthen our policy by the kinds of consultations that have begun.

Q. Could you give us an example of the modification?

A. It's clear that despite the fact that we were very close, on our objective with respect to theater nuclear forces, for example, Europeans were concerned that we did not give a proper decibel in our explanation of our approach to the arms control track. Now that was a helpful thing, to have that advice, because we had no intention of not proceeding with the obligations incurred in the December 1979 decision, but that kind of advice from our friends in Europe was helpful because it helps them as they proceed with the other track. They need it. You could, I suppose, suggest that despite the fact that in every briefing I've ever given on El Salvador, I have emphasized that we are seeking to avoid extremes of the right and the left, and we are seeking a peaceful political solution through free elections. The focus, inevitably, in contemporary reporting was on the flow of American arms, military assistance. That's understandable. And it means that it requires repetition, repetition, repetition. But it's helpful to have that advice as to how they see our projection of our objectives, from their perspective. And we go into a consultative approach in our foreign policy precisely that way. We would expect that there be as much flexibility in our consultation with friends and those who share our values as we have in the past demonstrated in those that we negotiated with.

Q. So that is, you project this whole timetable forward. There does not appear to be any room for a Haig-Gromyko meeting until at least late summer or into the General Assembly time.

A. I want to avoid laying out our precise scenarios. I think you know from what we've said that meaningful talks, at higher levels, are some distance away. But events, themselves, determine not parochial. They were, and are, sensitive to the concerns of the affected region.

The record should show that we are moving to address a problem which arises from a dispute over claims that the United States does not recognize. The President said, in his letter to you of March 6, that the United States finds no basis in international law for the East Coast maritime claims made by Canada. We do not recognize them. We believe our claim is sound. We do not yield on this question. Looking to the future, when we intend to exercise discretion in law enforcement in all areas now claimed by Canada should Canada decide also to ratify the maritime boundary settlement treaty, one must underline that there is a very real difference between the use of such discretion and recognizing Canada's claims. We do not recognize those claims and intend, as Mr. Feldman will make clear, to pursue vigorously and confidently the claim we have made.

Finally, in all of the discussions there was a sense that somehow the executive branch was uncertain about the ability of the regional councils to carry out the responsibilities given them by the Fishery Conservation and Management Act of 1976. I would like to say for myself, not only as a result of recent experience but because of previous experiences, that the regional councils are institutions which must be given every opportunity to exercise the authorities given them, and we ought, as a matter of posture and of policy, to be confident in the ability of those councils and their members to carry out their tasks. We certainly have no doubt that they will do so and that they will do so with insight and with respect for the resource.

MR. FELDMAN

Ambassador Ridgway has just reviewed the political and diplomatic context which has led up to this hearing. I am pleased to have this opportunity to discuss with you the terms and the implications of the proposed maritime boundary treaty with Canada.

For present purposes a maritime boundary delimits the Continental Shelf and fisheries jurisdiction of neighboring states. The United States and Canada have undefined maritime boundaries in four areas off their coasts: two in the Pacific, off the Strait of Juan de Fuca and within and seaward of Dixon Entrance, one in the Arctic, and one in the Gulf of Maine area in the Atlantic. None of these boundaries has been determined, but the most pressing problem for both countries is the boundary in the Atlantic.

The disputed boundary area includes the northeastern portion of Georges Bank which is of interest both for its rich fisheries and for its hydrocarbon potential. As the parties have been unable to establish a boundary by negotiation, their competition for fisheries in the area has become a serious irritant in the relations between the two countries. If the United States and Canada are able to agree on a settlement of this delicate boundary issue by binding third-party adjudication, it will be an act of statesmanship in the best tradition of friendly relations between neighboring states and a significant contribution to the rule of law in international affairs.

Boundary Adjudication

The boundary adjudication is of great practical importance to the United States and Canada because it will affect fisheries, potential oil and gas development, and environmental processes of great concern to both. The adjudication is also of interest to the international community at large. The Gulf of Maine case will be a landmark that will influence the development of international law for years to come. One reason is that the case will present the first adjudication of a combined Continental Shelf-fisheries boundary.

The leading cases in this area of the law have involved only the Continental Shelf. The principles of those cases will certainly apply but fisheries considerations also will have to be taken into account. The result in this case will be of great importance for the future delimitation of 200-mile economic zones when they become established in international law.

A second reason the case is important to the international community is that it involves the first use of the chamber procedure provided for in the Statute of the International Court of Justice. Under the chamber procedure the parties to a dispute may elect to have their case decided by a chamber of the Court, i.e., by a selected few of the 15 members of the Court.

In 1972 the Court adopted new procedures which were intended to simplify and expedite proceedings before the Court. It was hoped that these procedures would attract business to the Court, which has not been as active in recent years as it should be. Among the important features of the new rules are provisions recognizing that parties to a dispute should have an important influence in the composition of *ad hoc* chambers designed to deal with a particular case. Under the rules, the parties determine the number of Judges to be included. The Court elects the members of the chamber, but it does so in consultation with the parties. Thus, the parties can have a considerable influence on the composition of the chamber.

The chamber procedure is now designed to approximate the flexibility of arbitration, while at the same time assuring the parties of the expertise, prestige, and economy of proceedings before the Court. A great many people will be watching the Gulf of Maine case to see if these procedures work. If they do, the World Court should gain new prestige and acceptance.

The Treaty

Before discussing the terms of the treaty in detail, I would like to outline the structure of the treaty package. It consists of a treaty text of four articles, two annexes, and a confidential exchange of notes which has been provided to the Congress.

- Article 1 of the treaty states the basic agreement of the parties to submit their dispute to a chamber of the International Court of Justice on the terms set out in the special agreement, which is the first annex to the treaty.
- Articles 2 and 3 of the treaty provide, in effect, that if the proceedings in the World Court cannot be organized or continued as the parties desire because of problems, such as the selection or replacement of the Judges, either party may terminate the special agreement. Then the arbitration agreement which is set forth in the second annex to the treaty automatically would enter into force. That agreement provides a mechanism to insure the ultimate adjudication of the dispute. Both governments are confident that the case will be adjudicated by a chamber of the World Court, but they wish to provide safeguards in case unforeseen problems should arise out of the new procedures which have not been used before.
- Article 4 of the treaty is the entry into force provision. As presently

drafted, it provides for the entry into force of the treaty on the same date that the agreement on East Coast fisheries resources, pending before this committee, is also brought into force. For the reasons explained by Ambassador Ridgway, the Administration proposes to amend this article so that the boundary settlement treaty may be brought into force upon the exchange of instruments of ratification while the fisheries agreement is returned to the President. We have provided the committee suggested language for this purpose, as well as texts for a number of conforming changes and technical adjustments in the annexes. These latter details will not cause any concern in Ottawa if Canada can accept the basic change in article 4.

Special Agreement

In some ways the most interesting document in the treaty package is the annexed Special Agreement Between the United States and Canada to Submit to a Chamber of the International Court of Justice the Delimitation of the Maritime Boundary in the Gulf of Maine Area. This is the document the parties would submit jointly to the Court once they have ratified the treaty.

- Article I of the special agreement prescribes that the chamber of the Court is to be composed of five Judges. We are proposing a modification of this provision to permit the selection of national Judges, which is precluded by the existing text. The former U.S. Judge on the Court, the late Richard Baxter, was a great jurist, but he disqualified himself from this case because he had counseled the State of Maine on this matter before joining the Court. If the present U.S. Judge, Stephen M. Schwebel, sits on this case, Canada would be entitled to appoint one of its nationals as an *ad hoc* Judge. The recommendations of the parties as to the members of the tribunal will be communicated confidentially to the Court at the proper time.
- Article II of the special agreement sets forth in paragraph 1 the question the chamber is asked to decide; this is a critical provision. "The Chamber is requested to decide, in accordance with the principles and rules of international law applicable in the matter between the Parties, what is the course of the single maritime boundary that divides the continental shelf and fisheries zones of" the parties from a predetermined point indicated in the agreement to a point to be determined by the Chamber within a defined area seaward of Georges Bank. Article II also requests the chamber to describe the course of the maritime boundary in certain technical terms, to illustrate the maritime boundary on selected charts, and to appoint a technical expert jointly nominated by the parties to assist it in its work. Paragraph 4 of article II commits the parties to accept the decision of the chamber as final and binding upon them.
- Article III of the special agreement is a standard disclaimer which clarifies that the sole purpose of the maritime boundary is to divide the Continental Shelf and fishery zones of the parties and that the special agreement does not constitute recognition of the jurisdiction that the other country may claim to exercise in the delimited area, beyond that otherwise recognized by each country. In this connection, the United States and Canada maintain different positions on the breadth of the territorial sea, the scope of fisheries jurisdiction exercised within the 200-nautical-mile zone, and the legal regime for the Continental Shelf; these differences are not affected by the special agreement or the maritime boundary established thereunder.
- Article IV of the special agreement requests the chamber, and obligates the parties, to utilize certain technical provisions. These provisions should help avoid any technical errors creeping into the decision to the detriment of either party.
- Article V of the special agreement provides that proposals made during the course of negotiations looking toward a maritime boundary settlement will not be introduced into evidence or publicly disclosed. The article also provides that the parties will notify and consult with each other before introducing into evidence or argument diplomatic or other confidential correspondence.
- Article VI sets forth the procedures to be followed in the written proceedings, calling for presentation of memorials 7 months after the chamber has been constituted and counter-memorials 6 months later. The chamber may extend these time limits at the request of either party.
- Article VII sets forth a procedure for a further extension of the maritime boundary established by the chamber, if that is considered desirable by either party. Such an extension may be necessary to further define the Continental Shelf boundary beyond 200-nautical miles. If the parties are unable to agree on such an extension within 1 year of a request to do so, either party may take the question back to the chamber of the International Court of Justice constituted under the special agreement.
- Article VIII provides that the special agreement enters into force on the date the treaty enters into force and that it remains in force until it is terminated in accordance with the provisions of the treaty.

Arbitration Agreement

Now, I would like to describe very briefly the arbitration agreement which would be the governing instrument in the case of an *ad hoc* arbitration proceeding. In many respects it is the same as the special agreement. The differences can be explained by the fact that under the arbitration agreement new institutions would have to be established while those are in place if we proceed before the World Court. Among the articles, I will mention only those few which differ from the special agreement.

- Article VI of the arbitration agreement incorporates by reference the Rules of Court of the International Court of Justice as the applicable rules of procedure for the Court of Arbitration, to the extent that they are deemed appropriate by it. The article states that a majority vote of its members governs the proceedings of the Court of Arbitration.
- Article VII authorizes the Court of Arbitration to fix a seat for its operations.
- Article X provides that the parties will jointly share the general expenses of the arbitration, while bearing their own costs in the preparation and presentation of the case. In this connection, I should note that the costs of arbitration are significantly higher than the proceedings before the Court because the parties must bear the costs of the Court of Arbitration as well as their own expenses.
- Article XI establishes a mechanism for the filling of vacancies which may arise during the course of the arbitration. In general, if the parties are unable to agree within a specified time, the Court of Arbitration or its president would have the authority to fill any vacancies.
- Article XII recites the parties' agreement that the decision of the Court of Arbitration will be final and binding upon them. Either party may refer to

agreement, in its present form, does not promise to provide the benefits we would hope for. This problem has several elements, including the question of supply policies in producing countries. A particular element which has become a major focus in the negotiations is the relatively small size of the buffer stock in the current agreement and the low point at which export controls may be imposed. The result is that the agreement potentially can serve to defend the floor price and assist producers much more than it can defend the ceiling price and offer commensurate benefits to consumers.

Among our primary objectives in negotiating a new tin agreement are a much larger buffer stock, together with agreement that export controls may only be imposed as a measure of last resort. A working paper, which was acceptable to most producers, circulated at the December negotiations, proposed a buffer stock of 50,000 tons. In contrast, the current agreement provides for a mandatory buffer stock of only 20,000 tons, which has never been fully acquired and might never be, since producers may request a vote to impose export controls when only 5,000 tons have been purchased by the buffer stock.

The United States has told other participants in the negotiations that we still seek improvements in the approach proposed in the working paper. We feel that a large buffer stock is necessary not only to defend the floor price but also to defend a ceiling price. The agreement will also afford a forum where consumers can press for assurances that future tin supplies will be adequate to meet demand at reasonable prices.

Calculating the U.S. Share

Monies requested to cover potential U.S. contributions to the buffer stock can be considered an investment, rather than an outright expenditure, since the agreement will provide that funds in the buffer stock account shall be returned to members upon termination of the agreement. Our estimates, based upon reasonable and prudent assumptions regarding future tin prices and other factors, indicate that the total cost of acquiring, insuring, and storing the large buffer stock we seek would be approximately $850 million. Producers and consumers will share these costs equally. We estimate that the U.S. share of this cost would be $120 million. This financial obligation is determined by our share of votes in the agreement, which, in turn, is determined largely by our share of world tin consumption.

We anticipate that the new agreement will provide for members to make direct financial contributions to pay for the greater part of the tin to be acquired for the buffer stock. Acquisition of the remaining portion would be financed by borrowing, using existing tin holdings in the buffer stock as collateral. To insure that the full amount of the buffer stock will actually be purchased, we are insisting that member governments fully commit themselves to whatever financing is needed for the acquisition and maintenance of the full buffer stock.

Accordingly, our estimate of $120 million is based upon the U.S. share of the entire buffer stock. In actual practice, we anticipate that only an initial contribution will be required in FY 1982. The remainder of the $120 million budget authority would remain available for the life of the sixth tin agreement to enable the United States to make contributions to the buffer stock account, if and when they are called for.

Conclusion

If a new tin agreement, such as I have outlined here, is intended to benefit both consumers and producers, you might well wonder why negotiations have dragged on through three lengthy sessions – April-May 1980, December 1980, March 1981. The reason is, not surprisingly, that other nations participating in the tin agreement do not necessarily share our objectives, nor our concerns about the cost-benefit analysis. Some tin-consuming nations view commodity arrangements, in part, as extensions of their foreign aid programs and, thus, do not insist as strongly as we do upon an equitable division of economic benefits between producers and consumers. Some nations also are less concerned about the agreement's ability to defend ceiling prices than they are about the cash costs of participating in an agreement involving a large buffer stock.

At this stage, it is difficult to predict exactly how the negotiations for a new tin agreement will turn out. I am sure you understand that I cannot be very specific about our precise negotiating objectives here in public, since the negotiations are presently in course. However, I do want to stress again that once a new agreement is reached, the Administration will examine it very carefully before a decision is reached to join it and seek congressional approval.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Energy Policy and Conservation Act

by Edward L. Morse

Statement before the Senate Committee on Energy and Natural Resources on March 2, 1981. Mr. Morse is Deputy Assistant Secretary for Economic and Business Affairs.[1]

My primary purpose today is to convey to you the support of the Department of State for extension of section 252 of the Energy Policy and Conservation Act (EPCA). Section 252 provides the basis, through the extension of an antitrust defense, for the voluntary cooperation of U.S. oil companies in efforts under the auspices of the International Energy Agency (IEA) to minimize adverse effects of oil-supply disruptions on the United States and our partners in the agency.

Energy Security

Despite increasingly intense efforts over the past decade to define and respond to our energy needs, energy security, yet, remains a goal rather than a reality for the United States and its allies. While this is a very broad issue, the fundamental problem is our dependence on imported and, thus, uncertain supplies of oil. In the years following the 1973–74 oil-supply crisis, we grew increasingly complacent that we had our energy problems if not solved, at least under control. This complacency was shattered in 1979 by the Iranian revolution and the tripling of oil prices which resulted from it despite the fact that the actual oil-supply shortfall was relatively modest. New lessons had to be learned and defensive actions taken.

The fact that no major new run-up in oil prices has occurred so far in response to the Iran-Iraq war suggests that we may be headed in the right direction. This favorable result, however, has been, to a large extent, the product of the coincidence of declining demand and high oil stocks in this country and elsewhere available to compensate for the 3.8 million barrels per day decline in oil flows. Companies may not be holding such large stocks at the outset of future oil-supply disruptions. We need to join with our allies to study carefully the events of the past 2 years, anticipate new energy crises which may threaten our economies, and develop protective measures accordingly.

The extent to which we are interdependent with the other Western industrialized countries in responding successfully to energy crises dictates that we concentrate our efforts to promote peacetime energy security in the IEA. The IEA is engaged in efforts to respond to both the short- and the long-term aspects of our energy problems. Looking at the longer term, the dependence of IEA countries on imported oil has begun to drop off rapidly as members have established targets for reducing oil imports and joined together in pursuing conservation and conversion to other fuels.

The Sharing System

The IEA's emergency oil-sharing system is its key tool for responding to sudden oil-market disruptions. It is also the foundation upon which all other cooperative efforts in the IEA are built. International cooperation in minimizing ill effects of supply disruptions will only be strong if participants remain satisfied that the costs of major disruptions will be borne equitably. The sharing system provides this assurance, even though it has never yet been activated.

However, we now recognize that the sharing system is not the appropriate instrument for responding to all emergencies. Necessarily elaborate in its procedures for allocating oil, its use clearly is justified only in a major disruption where large quantities of oil must be allocated. It is not well-suited to handling situations like that which obtained in 1979 when the shortfall was below the 7% level required to trigger the sharing system but sufficient to cause panic in the oil market and an upward spiral in oil prices.

During the past 2 years, therefore, the IEA has undertaken efforts outside the sharing system aimed at forestalling unnecessary oil price increases. Most recently, in the face of the Iran-Iraq war and the oil-supply reductions it generated, IEA members met promptly and announced concerted actions to maintain an orderly market and avoid another round of oil-price increases. These included commitments to draw on stocks as necessary, to discourage purchases of oil on terms which would exert pressure on the oil market and prices, and to seek to supply oil to any member countries which might suffer a serious shortage as a result of this disruption.

We need, now, to assess the results of this experience and the need for further action. To this end, we are embarking in the IEA on a review of the International Energy Program Agreement which defines the functions of the IEA and actions to be taken in response to oil-market disruptions. We will, of course, consult closely with the Congress as this study progresses. We have requested a relatively short extension of EPCA section 252 in the expectation that hearings on a further extension at that time will provide a timely opportunity for us to discuss with you the results of the study and any implications it might have for section 252.

Extending Section 252

IEA crisis management would be nothing more than words without the cooperation of the companies which actually import oil into IEA countries. It is for this reason that we have sought the voluntary cooperation of oil companies in the IEA within the framework established by section 252. Of course, cooperation by oil companies in the kinds of information-sharing and oil allocation called for in the IEA is generally prohibited by U.S. antitrust laws.

It is a long-established tradition of the American economic system that exceptions to the antitrust laws be granted only in extreme circumstances where national policy interests outweigh the risks of anticompetitive actions. Clearly, the need to cope with serious oil-market disruptions and minimize the massive price runups associated therewith fits within this tradition. We are pleased that the Congress has concurred in this determination by repeatedly extending the life of section 252 providing the necessary defense to antitrust laws for U.S.-company participation in the IEA.

Of course, that determination was facilitated by incorporation into the statute of safeguards designed to

*47	2/19	CCIR, study group 7, Mar. 12.
*48	2/19	SCC, SOLAS, working group on fire protection, Mar. 12.
*49	2/19	Fine arts committee, Mar. 14.
*50	2/20	Program for the visit of British Prime Minister Thatcher, Feb. 25–28.
51	2/24	Haig: interview for French television, Feb. 23.
*52	2/24	SCC, SOLAS, working group on subdivision, stability, and load lines, Mar. 11.
53	2/26	U.S., Canada, and European states discuss North Atlantic aviation situation.
54	2/27	Haig: news conference for British press.

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* Not printed in the BULLETIN. ■

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Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

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Somali Refugees (GIST, Mar. 1981).
Background Note on Somalia (Jan. 1981).

East Asia

U.S.-China Exchanges (GIST, Mar. 1981).

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Multinational Corporations (GIST, Mar. 1981).

Europe

Ninth Semiannual Report: Implementation of Helsinki Accord, June 1, 1980-November 30, 1980 (Special Report #77).
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Interview on "Meet the Press"

Secretary Haig was interviewed on NBC's "Meet the Press" on March 29, 1981, by Bill Monroe, NBC News (moderator and executive producer); Barry Schweid, Associated Press; Georgie Anne Geyer, Universal Syndicate; and Marvin Kalb, NBC News.[1]

Q. What can you tell us about the outlook in Poland as of this moment?

A. We've been watching the situation with a stepped-up intensity in recent hours and the situation is still very, very tense. There are some good and also some continuing worrisome signs.

Q. The TASS news agency, the official Soviet agency, said today that Poland is in a state of mounting anarchy and accuses the Solidarity Union movement of launching an open struggle against the Polish state. Doesn't that have an ominous ring to you?

A. Indeed it does, and that's very consistent with the other worrisome trends we've been watching, including the military exercise which has been extended for an indefinite period, growing frictions between the moderate and rightist elements in the political leadership itself, problems within the economic situation in Poland, food shortages, and some indications of growing frictions between the moderates and the extremists in the political hierarchy.

Q. So the situation is no less critical than you felt it was a couple of days ago?

A. I think there are some signs that perhaps a major crisis can be avoided if the moderate elements in the political leadership continue to prevail and maintain their influence.

Q. The United States warned the Polish Government—not the Soviets, but the Polish Government—3 days ago not to use force against the Polish unions. Would Western nations, would the United States consider some kind of sanctions against the Polish Government if they took such action that they would regard as internal?

A. I believe it is very hard at this juncture to determine whether such actions would be internal or external despite the fact that internal forces may have applied the repression. The key issue here is that Poland is facing some serious and grave economic and food shortage problems, and we in the West, the United States and our allies, would like to be helpful. But should there be a repression, an elimination of the progress achieved thus far, and a rolling back, if you will, this would become increasingly complex and difficult for us.

Q. As the situation stands now, do you anticipate the Russians moving troops into Poland?

A. I have said, and I repeat today, that that situation is neither imminent or inevitable. I do believe that that varies hour to hour by various postures taken by Soviet forces. And at this moment, that posture is at a heightened state of readiness, with communications in place, and with some indications of increased posturing which could lead to that, so we are watching it very, very carefully.

Q. What would be the effect, do you think, on the Soviet empire if the Russians moved in? In a sense, wouldn't it be good for U.S. objectives because it might lead to a dissolution of the empire?

A. In no way. I think any application of force in the internal affairs of the Polish people could have unforeseen and most dangerous consequences, and I don't know of any responsible official in this Administration that would welcome that outcome.

Q. Well, then, the United States would be well served, I suppose, by propping up the Polish economy, and yet you are punishing the Russians with a grain embargo. Isn't there some anomaly there?

A. There are some inconsistencies, as there are always contradictions in the conduct of our affairs. Clearly, we do seek to help alleviate the suffering and the anguish of the Polish people at this difficult time. As you know, we inherited a grain embargo, and the intentions of the President are, of course, to lift that at the earliest possible moment. He has never favored it, and I have never favored it. But the act of doing so, at this juncture, could send out very deleterious signals in the context of our ability to manage East-West relations and the Polish issue specifically.

Q. Regarding the events of this week and the conflict or nonconflict between the White House and the State Department, you yourself have worked in the White House in an extraordinarily high position, and many people have said that the problem was more personalities than of ideology. If you were President Reagan, how would you have handled the strong personality of Alexander Haig?

A. I have that problem continuously. I think the situation has clearly been resolved and resolved in a very happy way, as the President said on Friday in an interview with the *Washington Post*. You know, there are questions of substance—real issues, if you will—in foreign policy and questions of form. This involved a question of form. That has been resolved and resolved very happily to my satisfaction, and I know, from my discussions with the President, with his satisfaction. The time has come now to get on with dealing with the questions of real issues for the American people in the foreign policy area, and that's what I intend to do.

Q. Then there were not really questions of substance or of ideology that were different between the White House staff and yourself?

A. I'm not aware of a single instance thus far in my relationships with President Reagan that we had any differences, either of nuance or even tactics, in the conduct of the nation's foreign affairs. I know I am here because he saw certain compatibility between our two viewpoints, and I think that is a very happy circumstance for the American people.

Q. Would the events of this week change your behavior in any way, subtle or direct?

A. That suggests other aspects of my behavior, day to day. I think the real question here—and that comes up regularly—is my effectiveness influenced by these passing events? My answer to that is, not in any way at all. You know, it is dealing with the real issues that my report card will be rendered at some point in time by the President and by the American people. And so the answer to that question will have nothing to do with these events but rather how we deal with these growing and, I think, unprecedented dangers to our nation in the foreign policy area.

Q. Just to pick up a couple of points here, do you feel that last Tuesday when you went public with what seemed to be criticism of the crisis management and arrangement with Vice President Bush at the top of that, that some way or another you had made a mistake?

A. I think there were mistakes made across the board. There were misunderstandings. And it was my view that what I revealed in my testimony was totally consistent with the state of the nondecision on that issue at the time. But those things happen. Communications sometimes are not all we would like to have them. This is an Administration that is evolving in the context of form. I don't think there is much of a learning curve to be achieved in the area of substance and that's the important aspect of it, and I'm very comfortable with it.

Q. How are you going to avoid that kind of misunderstanding in the future? Have you and the President worked out an arrangement that is more precise than the looseness that obviously bred the problem?

A. Indeed, of course, this is so, and it involves more regular meetings between the two of us, and it involves some other steps which will be taken in the near future in the form area. But I want you to know that I am very, very comfortable with the relationship that President Reagan has established with me and my role with respect to that relationship, and I expect it to be intimate and highly successful in the period ahead.

Q. On Poland, you mentioned earlier that there are some good signs. You've talked about the worrisome signs. What are the good ones?

A. The good signs would involve some indication that the moderate elements in the political structure of Poland seem to be surviving well at the current moment and maybe will continue to prevail.

Q. Do you feel—let me ask it this way—on what basis do you feel the United States can complain about a Polish suppression of Polish workers?

A. I think any rollback of the progress made with respect to reform in Poland would be historically and inevitably a matter of great concern to the United States.

Q. But you have always described it as an internal matter, the last Administration and you as well. So if the advance is internal, wouldn't the retreat be internal as well?

A. Your question there involves what I would call the degree of interrelationship between the political leadership in Poland and the Soviet Union. And, clearly, here the lines are—have existed for all the years since the Second World War, and the annexation or restructuring of Poland.

Q. Do you feel, when you mention the heightened state of alert of Soviet forces—that indeed forces, for example, are being moved out of barracks toward borders—has there actually been a movement of Soviet forces into Poland as part of the recent exercises?

A. No. There were some adjustments, especially with sophisticated communications capabilities, some of which are occurring without the participation and cognizance of the Polish military forces, which is a worrisome sign, in the first instance. But I think most of the worrisome signs involve readiness measures being taken along the Baltic military region, in East Germany, and in some of the other satellite states.

Q. President Reagan refers to the leftist guerrillas in El Salvador as terrorists, and he speaks of revolution being exported to the Americas. I'd like to ask whether the U.S. Government is totally hostile to the left-wing guerrillas in El Salvador, whether there might be some feeling that some of those guerrillas may be, in their own minds, genuinely fed up with what they look on as oppression, past injustice, and right-wing murder squads?

A. Of course, there are very clear and strong overtones of those influences in the rebel movement. I would suggest that the opposition in the first instance, the initial revolution which placed the current government in place was a consequence of those extremes of the right. And we don't welcome them, and we don't endorse them. But what is clearly evident to us is that the leftist movement, the rebel activity, its command, control, and direction, now is essentially in the hands of external forces—Cuban, Nicaraguan, and, of course, indirectly Soviet.

Q. You feel those left-wing guerrillas in El Salvador are in the control of, being manipulated by, being dominated by Communists?

A. There's no question about that. We have very sophisticated, detailed, hard evidence to confirm it. For example, the command and control of communications network that has been implanted in El Salvador, which manipulates the rebel activity, is centralized outside of El Salvador.

Q. You have been criticized for what your critics look on as an overemphasis on El Salvador altogether and for an overemphasis on the military aspect of it. What you are now saying about the guerrillas, does that mean that there is no possibility in your mind for a political settlement, some kind of compromise that will involve all sides?

A. Not at all, we welcome a political settlement. Indeed, that's the objective we've established for ourselves in the conduct of our policies which incidentally involve the three-to-one ratio of economic assistance, development assistance, to the military assistance. Now, President Duarte has called for early elections in El Salvador. He offered 3 weeks ago to establish an electoral commission. He's offered amnesty to the rebels to come in and join and welcomed all parties to participate in this electoral commission and early elections, which would be a reflection of self-determination and the will of the people of El Salvador. What we are opposed to is the imposition of external assistance and direction and, frankly, takeover in the subsequent government.

those things in the final analysis, and no one can predict that an event might occur that would require the compression, the telescoping, or stretching out.

Q. That's something that would be negative though, I imagine.

A. Yes. Something negative or something positive. Maybe the Soviets would announce tomorrow they're leaving Afghanistan.

Q. How do you feel about Poland? Has the threat receded a bit today—the spokesman yesterday, Bill [Dyess], said we did not consider the invasion to be either inevitable or imminent—

A. That's been our position all along despite observations by theologians that it may be inevitable. [Laughter] You remember what I said was that you could make a theological case that intervention might be inevitable. But it cannot be our position, and we do not believe that it is imminent or inevitable. Why? I don't have to draw any circles for you on that one.

Q. I do remember the discussion we had, but this is not the point to raise it again.

Q. Do you feel that the situation has stabilized a bit in Poland, that there is a crosscurrent?

A. I think, in the light of recent events, that the situation is somewhat more tense than it was 3 weeks ago.

Q. When you are in Saudi Arabia, are you planning to raise the subject of having access to military facilities—

A. In Saudi Arabia?

Q. Yes.

A. I can't foreclose it. That kind of a thing may be raised by them. But I'm not going over there for that purpose.

Q. Same question to the other stops, including Egypt? Same question.

A. And the same answer. That's not the purpose of my visit.

Q. No, but Egypt has been—even though it is politically very, very difficult—more interested in that question than Saudi Arabia—in terms of, say, Ras Banas.

A. Yes, but these are Egyptian problems. He's [President Sadat] got to deal with this problem. And I'm not going over there and embarrass him about, and pressure him on, base rights, military things. This is a broad assessment of the peacekeeping process and the strategic regional views of the various parties. I want to get those, and I want to contribute to that dialogue which I would hope would now intensify in the period ahead on a bilateral basis.

Q. Is it fair to say that, barring dramatic developments—Afghanistan or removal of Soviet threat from Poland—that it's unlikely or extremely unlikely that a summit would be held this year?

A. I don't want to make—for all the reasons we talked about—there are too many uncertainties, too many unpredictables. I don't see anybody rushing to it.

Q. On your relationship with the Soviet Union and the points that you're trying to get across, do you feel that the Russians understand what you're saying?

A. It's too early to say. Much too early to say. I've made the point, and I sincerely believe that the Soviet leaders, both in prudence and conviction, are never overly impressed by rhetoric. They make their assessments on hard-bitten calculations of Western actions and, in an important sense, their suspicion of capitalist society, at large, tends to preoccupy them with resource allocation. They measure Western will and intent by the degree to which they assess we are putting our money where our mouth is. That is the conclusion I've drawn about Soviet calculations over the extensive period of my public service, whether it be conflict in Korea, the situation in Vietnam, or problems globally. And I suppose it served them well.

MAR. 28, 1981[2]

Q. The wire reports on Poland this morning are going to overtake your story to get you back to diplomacy, I guess.

A. Yes, I think that's right. It's very dangerous, very bad.

Q. I was talking to a Soviet diplomat, and they're thinking the next month, month and a half, is going to be it. It's either going to happen then or not. What were the thoughts behind the statement; what was the analysis of the situation?

A. There were a number of things, not the least of which was a major split in the party between hard-liners and soft-liners, a continuation of the exercise beyond the scheduled termination date, and the tensions associated with the temporary strike and a more permanent strike. And, I think, there is a great deal of concern that this coming weekend could be critical.

Q. At the congressional inquest, during the course of these maneuvers, it was suggested that the Russians were going to introduce new troops into Poland. There's a report this morning that they were going to introduce about 30,000 additional troops into Poland.

A. No. I wouldn't look to that kind of an event. You're talking about yesterday, when we were talking about internal suppression, and I would anticipate that.

Q. I noticed the Polish Government called in our Ambassador the other day and their Ambassador came in yesterday here. What is the message they're conveying? Any substantive message?

A. No, their economic situation is very, very serious. In fact, it's grave in economic terms; we mentioned that in yesterday's statement.

Q. Did you offer them a carrot? Earlier, you had said that any significant aid would have to await some real economic reform being developed by the Poles. Clearly, they haven't had time to do that. Do you have some interim plan that would go beyond the $80 million deferral?

A. Without rescheduling?

Q. Yes.

A. Their Deputy Prime Minister is due here the first of April and we're looking at other possibilities, yes.

Q. Are there very many other possibilities? I've talked to a number of Polish-Americans, and most of the suggestions have already, for the most part, been done.

A. There are a number of possibilities, sure. There's food—powdered milk—through the Commodity Credit Corporation; there's emergency aid—

Q. But that's stop-gap, one-time infusion. Now that they're in that situation, the possibility of food riots is a very real thing.

A. Yes, it is a real thing, oh yes. It has contributed to the increased tensions that exist throughout the country. I think it's very, very serious. And the Germans say that yesterday was more serious than the December period.

Q. At yesterday's National Security Council meeting, how did the Polish situation come up?

A. I think I notice some cute reporting on that. The fact that I asked the White House to release the statement which I took over there and which was drafted here – one word was changed editorially – has suddenly been portrayed as a further diminution of Haig's authority. I had it done at the White House because I thought it would get more attention. This is the climate of the times, and you know that as well as I do. Of course it doesn't happen just because you guys create it?

Q. Is it bad enough to make you want to resign?

A. My wife said she only heard me say that twice in my whole life, in 35 years, and she didn't know how I could have gotten eight threats to resign out of 2 months.

Q. You're like Henry?

A. His would be eight threats a day.

Q. You remember the Salzburg speech.

A. I'm the guy who went over to his flat there. He told me what he was going to do. I told him: "Don't do it." He went right ahead and did it.

Q. If Poland blows up, if you have problems this weekend, will that be a crisis dealt with here, there, or where?

A. You heard what Meese [Edwin Meese III, Counselor to the President] said this morning. He said when the President isn't there, the Vice President will be there.

Q. And Haig has a guy whose full time job is to make sure the President's there. [Laughter]

Q. Any indication that you now have *cordon sanitaire* around El Salvador, that the arms aren't going to get in there; that the situation is going to be resolved by the arms we get in there?

A. No, I wish that were true. I'm confident arms are still getting in. There's been a major drop off, and there's some indication of some shortages of arms and ammunition among the rebels, but it's still getting in. It's not going in the main artery flow, which we saw before, which was an airlift from Nicaragua; that's stopped. Some of the high-profile activities of the Nicaraguans have stopped, but there are other ways in through Honduras – trucks and covert movement.

Q. Any chance of doing something in any kind of forceful way, either by ourselves or by Latin countries, to absolutely cut it off. Yesterday on the Hill, you continuously refused to rule out any of our assets, suggesting you had something in mind.

A. There are two approaches to a problem of that kind. One is locally through collective Central American action. And in saying that, you have also got to bear in mind that we're talking about actions designed to help the social condition which are causing the unrest – what I call an "internal action" in a sense – and then there are actions that could be related to control of the problem at the source.

I think any one won't be enough. I think it would be wishful thinking to rely exclusively on one or the other. If it weren't the Cuban, it might be something else that's exploiting these longstanding historic social problems. We've got to help internally in two ways. I would hope collective assistance to the nations, enhancement of surveillance – what I call more technical control mechanisms – for prevention of the infiltration from outside; that's the internal. The external, of course, has got to be focused on the source of the problem.

Q. Cuba?

A. The Soviet Union.

Q. How do you get to the source? What do you have in mind?

A. It wouldn't be very bright of me to do so. I don't mean to suggest that we have a highly polished one-two-three step, but we're getting there.

Q. Are you surprised about American public opinion on El Salvador?

A. No.

Q. Did you expect more support?

A. Why should we? The American people remember that aspect of Vietnam. We might be somewhat disappointed that it's been so hard to get through the clear differences between the two. But this is, after all, religious groups, especially the Catholics because of the nun thing, that are quite worked up about the situation, and rightly so. But I don't think basically, as I've gone through it, there is great concern that we're getting ourselves involved in a no-win situation. And we're very sensitive to not having that happen. It's ludicrous to talk about $25 million a year in military assistance being another Vietnam when we spent $28 billion a year on Vietnam – the height year in 1968 – $28 billion, and that was before inflation.

Q. Are you concerned that the polls on El Salvador and President Reagan's own polls might cause problems in getting the additional appropriations for El Salvador?

A. I don't think anybody can do any better than fight each issue on its merits. And if it doesn't help by the weight of its own logic then it's very possible that the logic is fallacious.

Q. There's a document floating around purporting to be part of the cache of Salvadoran documents released by the State Department, describing a trip to the United States by Shafik Handal's brother in early 1980 [Shafik Handal is head of the Communist Party in El Salvador]. Why wasn't that document included in the materials released?

A. I don't know. I didn't even know about it.

Q. His effort was to start out at the Cuban mission at the United Nations and travel around making a lot of stops in smaller cities in the United States, building support for committees trying to build a better image for the Salvadoran insurgents.

A. I wasn't aware of it. I can't think of any reasons why we wouldn't make it available.

Q. A question about the Middle East. When you testified about a week or so ago, you said it might be that the United States would have to put some troops into this multinational force for Sinai, but it hadn't been decided yet. Has a decision been made?

A. We'll just have to face that one when it comes. We are dedicated to the proposition that the peace process is what we should continue with. And that gives you an answer. I feel very strongly the Court of Arbitration any dispute between the parties as to the meaning and scope of the decision within 3 months of the rendering of the decision.

- Article XIV provides that the arbitration agreement will enter into force as provided in articles II and III of the basic treaty which bring the arbitration agreement into force automatically if either party terminates the special agreement.

I believe the committee is entitled to some assessment of our prospects in a proceeding of this nature. I have been deeply involved in the development of our positions and the legal discussions we have had with Canada on this issue over the past 6 years. I am confident of the merits of the U.S. position. Of course, no one can predict with certainty the outcome of an adjudication. There always are risks. I am sure that Canada's lawyers, too, are confident of their position. However, I can say that the State Department lawyers who have worked on this issue over the years have grown more confident as international law has developed in this field. Most of all, I am confident that the United States and Canada will both receive an objective and impartial judgment from the tribunal we create by this treaty. I have no doubt that U.S. interests will be well served by this treaty, and we urge the Senate to give its advice and consent to ratification as soon as possible.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

DEPARTMENT

FY 1982 Authorization Request

by Secretary Haig

Statement before the Subcommittee on International Operations of the House Foreign Affairs Committee on March 24, 1981.[1]

At the outset, I want to express the pleasure I have of the opportunity to appear before the subcommittee that has played such an important role over the years in the development and evolution of the professionalism of our Foreign Service.

It is a great honor for me to appear before this committee today. In testimony last week before the full House Committee on Foreign Affairs, I outlined the international challenges we face today and the resources we seek to deal with these challenges. One of those resources—the State Department itself—is the subject of my testimony today.

The Department's authorization request for fiscal year 1982 and the continuation of our activities into 1983 amount to $2,461,688,000. To put this figure into perspective, I would like to say a few words about the real resources this money supports: the Foreign Service officers and the State Department employees.

The promise of a consistent, reliable, balanced foreign policy can be fulfilled only if the foreign policy professionals make their proper contribution. They are the custodians of the historical memory of our actions abroad and a crucial asset for the years to come. As recent events have demonstrated, they have become the first line in many respects of the defense of our national interests.

In recent years, the task of the foreign policy professional has become much more difficult. Several problems deserve particular attention: a tendency in recent years to ignore them in policymaking; the financial drawbacks of public service itself; a growing volume of work without a commensurate increase of personnel; the frustration growing from the lack of a cohesive American leadership globally. Above all, their profession has become much more dangerous. As violence has mounted against our posts abroad, employees have been forced to accept extended separations from their families rather than putting their loved ones at risk.

As Secretary of State, I will seek to alleviate these conditions, to improve the morale of our professionals, to give them their necessary participation in the making and the execution of our nation's foreign policy, to enhance their working conditions, and to protect them. The President has taken the most essential step in this process by indicating that the Secretary of State—and his department—shall be the general manager of American foreign policy. He has given his personal attention to the safety of our diplomats.

The budget request placed before you reflects a program designed to deal with security of personnel, working conditions, and pay. It is fully responsive to the philosophy of management outlined above.

- Security at posts abroad should be increased to protect our people and their dependents from violence and terrorism. It is important, too, that we protect classified national security information from compromise. For this purpose, the Congress enacted a supplemental appropriation of $6.1 million in 1980 and provided an additional $35.8 million in 1981. To continue this critical security program, we are requesting another $25 million in 1982.
- As Under Secretary [for Management Richard T.] Kennedy discussed with you in more detail, this authorization request reflects 140 new positions to cover growing overseas consular and domestic passport workloads and to strengthen resource and program management for the refugee program. Additionally, Under Secretary Kennedy is conducting an intensive review of our current personnel resources across the board. The provisions of the Foreign Service Act of 1980 on professional development require additional training, faculty, and support personnel. The Department's capability to report and analyze political and economic events must be strengthened.
- Also, as part of the Foreign Service Act of 1980, we have initiated the pay comparability provisions for the Foreign Service. The new Foreign Service designations and grade levels are in effect, and we are requesting supplemental appropriations to cover certain new

U.S. Foreign Affairs Costs and Personnel

Outlays FY 1980 ($ billions)

Total Federal Government	580
Total Foreign Affairs*	11
of which	
Foreign Aid	6.5
Foreign Affairs Administration (expenses of Department of State and Foreign Service and contributions to international organizations and conferences)	1.4
Foreign Information & Exchange	.5
International Financial Programs	2.4
Other	.2

*This approximate figure includes total outlays of the Department of State, Agency for International Development (AID), Export-Import Bank (Eximbank), International Communication Agency (USICA), International Development and Cooperation Agency (IDCA), International Trade Commission (ITC), National Security Council (NSC), Overseas Private Investment Corporation (OPIC), U.S. Trade Representative (USTR), and Peace Corps, plus outlays for foreign affairs-related activities for the Departments of Agriculture, Commerce, Energy, Labor, and Treasury.

Source: *Budget of the United States Government*, FY 1982

Average Annual Share of Outlays, 1937-80

1937-39	.2%
1949-51 (period of intensified economic and military assistance)	12.0%
1959-61	3.0%
1968-70	2.0%
1980	-2.0%

Source: *Budget of the United States Government* (years as indicated.)

Personnel FY 1980

Total Federal Government (civilian employment)	1.9 million
Total Foreign Affairs** (U.S. citizens)	36,000 (less than 2% of total)

**All State, AID, Eximbank, USICA, IDCA, ITC, NSC, OPIC, Peace Corps staff, and USTR employees, plus foreign affairs-related positions in Agriculture, Commerce, Energy, Labor, and Treasury, as calculated from data received from these departments by the Bureau of Public Affairs, Department of State.

Department of State Employment, 1940-80***

1940	7,000
1950	16,000
1960	13,000
1970	13,000
1980	13,000

***Excluding foreign nationals.

Source: Adapted from statistics in State magazine, January 1981.

minimize the potential for anticompetitive actions by companies benefiting from the section 252 antitrust defense. The antitrust authorities charged with monitoring oil company involvement in the IEA indicate to us that there has been no evidence of harm to consumer interests from this arrangement. To the contrary, we are convinced that section 252 is fundamentally of benefit to consumers because it aims at reducing unjustified price increases during oil supply disruptions.

We, therefore, strongly urge the committee to recommend extension of section 252 as provided in the Energy Department's bill. We would further appeal for your support in obtaining enactment of the bill prior to the existing March 15 expiration date of section 252. A lapse in the authority of section 252 of even a few days may result in suspension of U.S. oil company participation in the IEA for weeks. This would be disruptive to the work of the IEA, would be detrimental to the national interest if a new disruption was to occur, and would reflect badly on the United States in our relations with our allies.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Energy Security and International Preparedness

by Edward L. Morse

Address before "The Outlook for Crude Oil" conference sponsored by the Energy Bureau, Inc., in Houston on March 23, 1981. Mr. Morse is Deputy Assistant Secretary for Economic and Business Affairs.

The outlook for crude oil is a subject that has never been more timely or so difficult to deal with. The last 2 years have been turbulent ones for the oil markets. We have seen disruption, revolution, and war in the Persian Gulf. At home, we have moved quickly from a complex regulatory environment to complete crude oil decontrol. On the international market, crude oil prices have more than doubled since the beginning of 1979. International systems of adjustment and emergency preparedness were thus tested by political events. Our conclusion is that they need to be strengthened and improved.

If the past is prologue, can we expect more disruption in crude oil supplies in the years ahead? Although no one can really predict, my answer would be "yes." I hope I am wrong. In today's oil market, stability has become a scarce commodity, although there are signs of hope. Given the likelihood that we may face disruptions, therefore, we must both learn from the past and create for the future. We need to make an innovative effort to fashion new and improved mechanisms to increase energy security without abandoning—indeed by building on—the tested elements of market flexibility.

It is my view that in the years ahead energy market pressure and crises requiring international cooperation will come from any one of three quarters. One source is the ever-present risk of supply disruption associated with political conflict. Today's continuing war between Iran and Iraq and the 1973 Arab-Israeli war are but two leading examples. I would also include in this category threats of destination restrictions for political reasons, for example, by Nigeria in carrying out its policy toward South Africa or by other producers; domestic clashes over energy policy like the recent one between Alberta and Ottawa which has now resulted in a shutting in of 100,000 barrels per day of production; and other nonviolent political disputes as factors in determining oil production and exports. Nor is the problem limited to crude availability alone. European dependence on the Soviet Union for substantial amounts of natural gas holds the seeds of future problems as well.

A second source of disruption is sure to be social upheaval. This may remind many of the strikes and chaos of Iranian revolution and its impact on oil production and exports in late 1978 and 1979. We need to bear in mind that the overwhelming proportion of crude oil traded internationally comes from developing areas of the world. It is precisely these areas that are undergoing unpredictable processes of modernization, which is inevitably accompanied by internal social stress. Examples are India's continuing problem in maintaining oil production in its Assam Province in the face of strikes and sabotage, problems of terrorism and sabotage also exist in Turkey, and the continuing threat of similar incidents almost anywhere. Nor are industrial countries immune to this problem, as coal strikes in Britain, Australia, and the United States during the last 5 years should remind us.

One other source of market pressure with potential for erupting into an unnecessary price spiral is the potential notional shortfalls caused by sudden demand surges in a market narrowly in balance. The unfortunate fact is that crude oil production capacity is not being expanded in pace with predicted paths of energy demand, and there is very little we can do about this in the short run. A rapid and simultaneous economic recovery in the major OECD [Organization for Economic Cooperation and Development] countries could, therefore, quickly lead to crude shortages and price pressures without any immediate available supply response. Coincidental cold winters hold some of the same risks, although healthy stock levels can obviate much of that worry.

Viewing these problems and our lack

of adequate preparedness, Secretary Haig told the Senate Foreign Relations Committee that the industrial democracies "have not yet built an effective program for dealing with the energy crisis." We do have one element, the emergency oil allocation system of the International Energy Agency (IEA). Never implemented, but tested in several full-scale simulations, the IEA-sharing system is designed to counter the catastrophic shortfall – over 7% of combined IEA oil imports. This mechanism can and should be improved even though disruptions of this magnitude remain improbable.

In the oil markets in the years ahead, much smaller crude shortfalls, say some 2%-4% of IEA consumption, are much more likely – some would argue inevitable. They can lead to sharp spot market price spikes, later ratified by the Organization of Petroleum Exporting Countries (OPEC). We believe, therefore, that we need to improve our collective preparedness for these smaller shortfalls, and we are just beginning the process. Before discussing the ongoing work, however, let me review some lessons from the past that are guiding our current studies.

Iranian Revolution

In 1979, Iranian domestic upheaval caused sharp and fluctuating reductions of oil production at a time when OECD stocks were well below normal levels. For one brief period Iranian production, which 6 months earlier hovered near 6 million barrels per day (b/d), completely ceased. You are all familiar with the price consequences of that situation. In retrospect, I think we made three basic mistakes.

First, the IEA may have contributed to alarm at the early stages of the crisis by flatly projecting a 2 million b/d shortfall before, during, and after the full response of other producers was known. The then-U.S. Secretary of Energy, by publicly and frequently announcing an inflated national supply gap, himself effectively inspired companies to bid up the price of available supplies first on the spot market and later in term contracts.

Second, the IEA decision in March 1979 to cut imports by 2 million b/d (5% of demand) was not effective and involved no binding commitments on the part of governments.

Third, substantial price pressure was caused through a defensive stockbuild by governments and companies, averaging 1 million b/d during 1979 and 1980. Indeed, in retrospect, the pressures on the market in 1979 and early 1980 were demand led much more than they resulted from an effort by OPEC to squeeze consumers.

These mistakes were compounded by a general refusal to recognize the substantial structural changes that had taken place in the international energy market. The percentage of crude distributed by the majors (the seven largest international oil companies) declined from close to 90% to nearer to 50% as sales to third-party customers became discretionary or were eliminated and replaced by rapid growth of government-to-government sales. Two problems resulted. First, flexibility in the distributional system was severely constrained. Second, the proliferation of State-owned oil companies in consuming countries meant more players were involved in efforts to secure adequate stocks. Thus, on an international basis, the overall minimum desirable stock level was substantially higher than it had been when the international role of the majors was more predominant.

Clearly, the 1979 experience points to the critical importance of adequate stock levels to disruption management. So, too, does it point to the need for good information early in the game and credible cooperation between leading oil importers.

Impact of Iran-Iraq War

Last year, when war broke out between Iran and Iraq, we knew what was at stake. About 3.8 million b/d in crude exports were lost to the world market soon after war broke out. No one knew how long the war would last, although the general view was that it would be short. Some feared wider hostilities imperiling exports from other Persian Gulf ports or traffic through the Straits of Hormuz. If the spot market were to have become heated, a renewed price bulge would have ended hopes for economic recovery in 1981. And, given the perceived shortcomings of the IEA in 1979, in some ways the very framework of international energy cooperation was also on trial.

Our task last year was to use wisely our initial assets – high stocks and soft demand. Meeting within a week of the outbreak of the war, the IEA Governing Board agreed to absorb crude shortfalls with stock drawdowns and to "urge and guide" all market participants to refrain from any abnormal spot market purchases. These were first steps, taken to avoid any market runup while we waited to see how long the conflict would last.

Another problem was addressed. Iran and, in particular, Iraq had shown a proclivity to encourage government-to-government sales. In many instances these sales represented a very high proportion of individual country imports, in some cases virtually all imports. The crisis, therefore, had a selective direct impact, affecting countries like France, Brazil, Turkey, and Italy, substantially, but scarcely affecting the United States or Germany. Producing countries quickly moved to do their part to make up lost supply. Saudi Arabia, in particular, raised its exports by 1.5 million b/d over its preferred production level of 8.5 million b/d and directed its incremental production to those of Iraq's customers most severely affected. Consuming countries recognized their own responsibilities as well, as the war dragged on longer than previously had been anticipated.

At a ministerial-level meeting December 9, IEA members reaffirmed and extended these decisions, clarified the spot market activities that were "undesirable" for IEA members, and committed even relatively unaffected member countries to draw down stocks to achieve a balance between oil market supply and demand. This was to make more oil available through the market to countries in and out of the IEA facing serious shortfalls.

I would not attribute the relative calm of the spot market during the crisis solely or even mostly to the IEA's pronouncements, but the IEA moves did help to solidify and sanction the company decisions to refrain from spot market purchases. The IEA helped to set the psychological climate. Company decisions, as always, were taken on sound business grounds. Since OECD economies were flat or in recession, many companies had limited immediate needs for oil, given high stocks, and no company wished to become a negative example. In this respect the severe stigma attached to the behavior of some of short or longer term objectives, but at no time have we lost sight of the tremendous importance such resources have to our overall national security interests. There is no doubt that this Administration shall continue to stress the importance of substantial development assistance to helping achieve our national objectives.

Technical and economic assistance needs vary from country to country, as do the degrees and kinds of U.S. interests; as a result, the array of programs we conduct or help finance is also quite varied. The total FY 1982 request for all foreign economic and financial assistance is $8.1 billion, a reduction of $1.5 billion from the Carter budget. This request represents slightly more than 1% of the entire Federal budget.

Bilateral Programs

Approximately 80% of the FY 1982 request is allocated on a bilateral basis. The major bilateral programs are:

AID Development Assistance ($1.9 billion) concentrates on programs pinpointed to areas of special concern to the United States – e.g., the Caribbean – that draw on our comparative advantages and special priorities, as in technology transfer, use of the private sector, and support for equitable growth in a limited number of priority sectors.

The Economic Support Fund ($2.6 billion) promotes economic and political stability where the United States has special security interests. These funds, while directed more explicitly to political objectives, are very important to achieving economic development objectives. Budgetary increases this year are directed especially to helping meet urgent foreign policy priorities in Central America, while providing for enhanced flexibility (in close consultation with Congress) to meet ever changing special requirements as they develop throughout the year.

PL 480 Food for Peace ($1.2 billion, about 5.5 million tons) provides Third World countries with food supplies to meet national food and nutritional needs while they increase their own food production. As we integrate development programs more effectively, one of my major goals will be the enhanced link between food aid and our other development activities.

Refugee Assistance ($568 million) represents a very substantial U.S. program designed to alleviate the misery and suffering now found with increasing severity worldwide. During 1980, major refugee relief programs were supported in Kampuchea, Somalia, Pakistan, and Zimbabwe. This aid provided immediate survival support followed by supplies of tools, seeds, and shelter in order to permit refugees to become self-sustaining, either in a foreign land or within their own borders.

Housing Insurance Guarantees ($150 million in guarantees, no appropriation required) are designed to provide shelter and associated urban services to low-income families. Housing-guarantee-related efforts now include technical assistance for institution building and helping countries prepare medium- to long-term shelter development plans.

The Peace Corps ($95 million) fields about 6,000 volunteers in over 60 developing countries. Volunteers now carry out important development assignments in key basic human needs areas. Increasingly, AID and the Peace Corps are cooperating on joint ventures of common interest, which I am particularly proud of as a former Peace Corps Volunteer myself.

Other bilateral activities include the Inter-American Foundation ($13 million proposed in FY 1982) which extends grants to local private groups in the Caribbean and Latin America.

Multilateral Programs

About 20% of this request is for international development institutions, especially the multilateral development banks. The international character and varied financing windows of the banks make them especially able to work on difficult policy issues and to fund large development infrastructure projects that directly increase the productivity of poor people in countries of significant importance to the United States. These projects often complement U.S. bilateral programs, an effort we shall try to strengthen. These banks generate about $3 from other donors for every $1 we provide as well as much larger flows in support of development by the banks' borrowings from the private banking system.

Multilateral Development Banks. The World Bank group, the largest of these banks, consists of the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), and the International Finance Corporation; $1,028 billion is requested in FY 1982, of which $850 million is for the IDA and $163 million for the IBRD.

Regional development banks focus their lending within specified geographic regions. The principal regional banks are the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank; $450 million is requested for these regional programs.

International Organizations and Programs ($260 million). The United Nations has the largest number of technical experts working in developing countries, drawn from some 30 agencies and programs concerned with development. The largest are the U.N. Development Program, the U.N. Children's Fund, U.N. Environment Program, the Food and Agriculture Organization, and the International Fund for Agricultural Development (IFAD). IFAD is unique in that OPEC [Organization of Petroleum Exporting Countries] countries are major donors. Organization of American States assistance programs are a major source of multilateral technical assistance for economic and social development in Latin America and the Caribbean.

Private Investment

This Administration is committed to finding practical means of enhancing the private sector's role in assistance programs and in less-developed country development, both in the programs noted above and in two special organizations in our bilateral program.

- The financially self-sufficient Overseas Private Investment Corporation provides political risk insurance and loan guarantees to U.S. investors in new or expanding businesses in developing countries.
- The Trade and Development Program ($7 million, FY 1982 budget request) promotes private sector participation in Third World development through the provision of project planning services that lead to the sale of U.S. technology for project implementation and through the provision of government-sponsored assistance on a reimbursable basis. Directed principally at

middle-income countries that can finance their own development, it complements development assistance programs which focus on the poorer countries.

Conclusion

The development needs of poor countries are tremendous, far beyond what we and others can possibly provide, especially at a time when our own resources are most limited. The programs described today represent a very small part of the Federal budget and a miniscule share of our national wealth. As the most powerful nation on Earth, we cannot, in my view, afford to neglect our own self-interest—both for national security and humanitarian reasons—by failing to provide the investment for development in this year's pared-down budget request. I urge this committee to lend its full support to the total program.

STATEMENT AS AID ADMINISTRATOR

In my presentation as Acting Director of IDCA, I described in broad strokes the importance to the United States of development in the Third World, the scope of the need, and the full range of U.S. economic assistance programs for which this Administration seeks your support. Now as AID Administrator, I will focus on how the bilateral assistance programs administered by AID address important global problems and U.S. objectives. I should like to begin with a few indications of areas of special interest and concern to me, recognizing that these must be of a preliminary character.

This Administration is committed to increased opportunities for the private sector to participate in AID programs. As you know, in recent years AID has substantially expanded assistance provided through private and voluntary organizations; this will continue. So, too, will our activities in partnership with the American agricultural community, particularly through the programs encompassed in Title XII of the Foreign Assistance Act. I will be searching for means of strengthening both these relationships in ways that produce effective development programs and the least intrusive role for AID while still protecting the interests we all have as taxpayers in efficient use of resources.

Incorporating opportunities for growth of the private commercial sector

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Development Assistance

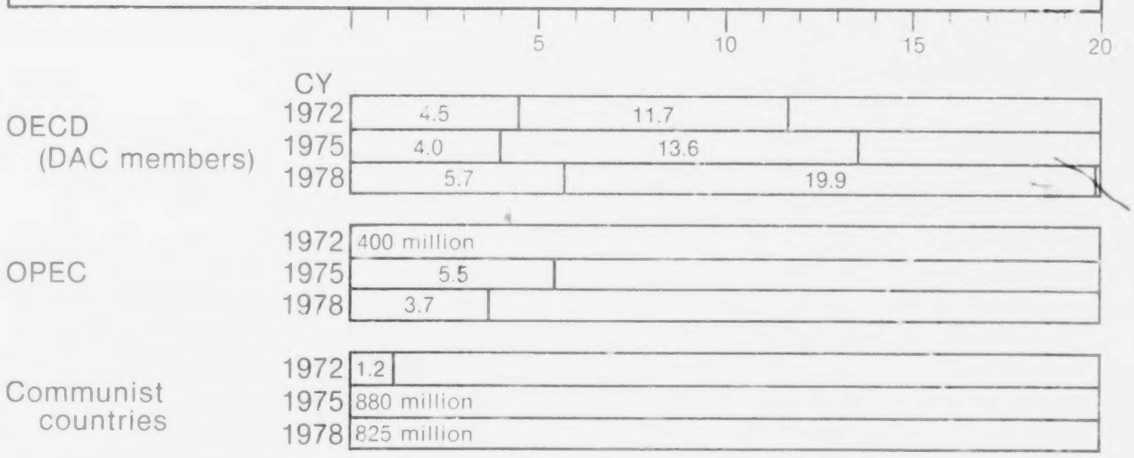
This table compares the official development assistance given by members of the Organization for Economic Cooperation and Development (OECD) and the Organization of Petroleum Exporting Countries (OPEC) and by Communist countries for calendar years 1972, 1975, and 1978.

Official development assistance refers to the transfer of resources (goods, services, and capital) from one country to another to help the recipient develop its economy and raise its standard of living. To qualify, such transfers must contain a grant element of at least 25% while loans and credits must be concessional (i.e., given on a long-term and low-interest basis). This type of assistance includes both direct assistance through bilateral aid programs and contributions to international financial institutions such as the World Bank.

The OECD consists of 24 developed market economy countries. The organization's 17 major donors of official development assistance belong to the the Development Assistance Committee (DAC). Although the United States has always been the world's largest donor in absolute figures, most other DAC members allot a larger share of their GNP to foreign aid.

OPEC began to provide appreciable amounts of foreign aid in the late 1960s. But for several years the annual total did not exceed $500 million. While the oil price increases beginning in 1973 sharply increased OPEC revenues, other developing countries experienced a rise in their oil import bill of over $10 billion in 1974.

Official Development Assistance* ($ billions)



*Net disbursements.

Source: Figures from OECD, *Development Co-operation: Efforts and Policies of the Members of the Development Assistance Committee* (chairman's report), 1974 Review, 1979 Review.

▨ U.S. share

U.S., Egypt Initial Nuclear Cooperation Agreement

Following are the text of a joint U.S.-Egypt statement issued in Cairo on March 21, 1981, together with supplementary information made available to the press that day.

JOINT STATEMENT

The United States and the Arab Republic of Egypt on March 21, 1981, took yet another step toward advancing and strengthening their ties in mutually beneficial areas by completing negotiations on an agreement between the two countries for cooperation in the peaceful uses of nuclear energy.

The agreement reflects the intention of the two countries to cooperate in the peaceful uses of nuclear energy in a manner that supports energy development and nonproliferation objectives. The agreement will permit a number of cooperative activities and exchanges between the countries when it enters into force, including at the outset the transfer from the United States to the Arab Republic of Egypt of technology and equipment for nuclear electric generating capacity of about 2,000 megawatts electric and the enriched uranium fuel necessary to support that capacity.

The agreement fully recognizes the Arab Republic of Egypt's ratification of the Treaty on the Non-Proliferation of Nuclear Weapons. In the course of the negotiations leading to initialing of the agreement, the United States again welcomed Egypt's decision to ratify the treaty as yet another testament to Egypt's strong commitment to peace in the region and longstanding support for the objectives of the Nonproliferation Treaty.

The initialed agreement is now being referred to both governments with a view to completing the necessary procedures for its signing and entry into force at an early date.

SUPPLEMENTARY INFORMATION

United States and Egyptian negotiators in Cairo initialed the proposed text of an agreement for cooperation between the two countries in peaceful uses of nuclear energy on Saturday, March 21. This agreement will specify the terms and conditions forming the framework within which various cooperative activities and exchanges in this field may take place. These include possible purchase by Egypt from U.S. suppliers of nuclear power reactors and low-enriched uranium fuel for them, subject to agreement with these suppliers on the terms of any purchases Egypt may decide to make. The agreement is, in most respects, the same as agreements which the United States has concluded with a number of other countries; such agreements are required by U.S. law for the U.S. Government to permit the export of nuclear materials and equipment. The agreement recognizes Egypt's recent ratification of the Treaty on the Non-Proliferation of Nuclear Weapons, and during these negotiations the United States again welcomed Egypt's decision to ratify that treaty.

The proposed agreement will now be referred to both governments. For the United States, the further procedures necessary before it may enter into force are specified in the Atomic Energy Act of 1954, as amended. After review by the executive branch, the proposed agreement will be submitted to the President by the Secretaries of State and Energy, accompanied by the views and recommendations of the Director of the Arms Control and Disarmament Agency and the members of the Nuclear Regulatory Commission. After the President has approved the agreement and it has been signed by the two parties, it will be transmitted to Congress. It may enter into force after 60 days of continuous congressional session, unless during that time the Congress objects by concurrent resolution to our concluding the agreement. ■

Lebanon

SECRETARY'S LETTER TO PRESIDENT SARKIS, APR. 7, 1981

Dear Mr. President:
I have talked to our Ambassador to Lebanon, John Gunther Dean, and have asked him to transmit this message to you.

I am pleased to have this opportunity to communicate with you and the Lebanese people. The United States has always held Lebanon in special esteem as a free and independent democracy adhering to the same principles and ideals that Americans prize. In this regard, I would like to convey to the Government of Lebanon, and to you personally, Mr. President, my respect and admiration for the courageous efforts you have made to defend these values in the face of the violence which Lebanon has suffered.

Linked to our respect for the principles of the Lebanese republic is our firm support for the institutions of the Lebanese Government. Now, Lebanon is facing renewed and intensified crises – in Beirut, in Zahleh, and in the south. Against this background of intolerable violence, I want to reaffirm most strongly the support of the United States for the Government of Lebanon. You have seen, Mr. President, the statement of my government calling on all parties to put an end to acts of violence from within or without the country, and stressing that it is in the interest of all Lebanese to support fully the constitutional authorities of Lebanon. We are also making the most urgent and high level contacts with concerned parties in support of your efforts to end this latest round of violence.

I also have reconfirmed to all concerned our strong support for U.N. peacekeeping efforts in south Lebanon and for the expansion of the Lebanese contingents serving with UNIFIL in its area of operations.

It remains our firm conviction that a strong central government, based on the democratic principles that you have so consistently and bravely upheld, is the only guarantee of security for both the inhabitants of Lebanon and her neighbors. Accordingly, as we work now to help in putting an immediate end to this most recent violence, we are also calling on all parties, in and out of Lebanon, to assist in expanding and strengthening the authority of the Lebanese Government in every part of the country. It is only in this way that peace and security for all can be restored.

Please accept, Mr. President, on behalf of the Government of the United States and myself personally, my admiration, appreciation, and firm support for your courageous efforts to fully translate the ideals of the Republic of Lebanon into actuality.

With warm regards,
Sincerely,

Alexander M. Haig, Jr.

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[1] Made available to news correspondents by acting Department spokesman William J. Dyess. ■

International Narcotics Control

by Joseph H. Linnemann

Statement before the Subcommittee on Inter-American Affairs and the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 30, 1981. Mr. Linnemann is Acting Assistant Secretary for International Narcotics Matters.[1]

Events of the past year, both in the United States and abroad, have reinforced our view that international narcotics control is an integral part of U.S. foreign relations. I welcome this opportunity to present the Department's overall international narcotics control philosophy, describe our programs, and place our effort in a global context.

Illicit drug sales in the United States are estimated at $65 billion. According to a *Fortune* magazine report of 1979 corporate earnings, only Exxon and AT&T [American Telephone and Telegraph] exceeded that figure. In contrast, the overall Federal budget devoted to the suppression of drug abuse is roughly $1 billion. Approximately 95% of that amount is expended here in the United States for law enforcement, demand reduction, and addict rehabilitation. The remainder is devoted largely to international programs planned and implemented by the Bureau of International Narcotics Matters. For FY 1982 the Department is requesting $37.7 million for the Bureau's budget, approximately $2.3 million more than our FY 1981 planned program.

The history of prohibition and of illegal immigration to the United States demonstrates that our borders cannot be sealed to forces attracted by the wealth of this country. This does not deter us, however, from doing what we can to reduce the illicit drug supply while solutions to the domestic demand for illicit narcotics are sought. The Department's role in our international effort is to motivate and assist foreign governments in curtailing the production of illicit drugs at their source and in immobilizing major traffickers who smuggle these drugs into the United States.

Since the appointment of the Department's Special Adviser on Narcotics Matters in 1971, we have placed highest priority on those drugs that have the most serious health, social, and economic consequences – heroin, cocaine, and marijuana – in that order. Our primary goal has been to assist foreign governments stem trafficking in these drugs as close to the point of initial production as possible.

The Department follows three general approaches in pursuing that goal:

- Illicit production control and interdiction through enforcement;
- Drug income alternatives, where necessary; and
- Demand prevention and reduction.

Underpinning these approaches is a sustained diplomatic effort by the Department and our overseas missions to secure the cooperation of producing and transit countries in the global fight against drug abuse. Unless we insure a cooperative international environment, other U.S. Agencies, such as the Drug Enforcement Administration (DEA), U.S. Customs Service, or the U.S. Coast Guard, could not operate effectively with their foreign counterparts. More specifically, the Department, through government-to-government agreements and appropriate international agencies, seeks to provide the legal and organizational framework – seizure of illicit assets, mutual judicial assistance, ship boardings, and U.N. drug control conventions – within which much of our international effort is based.

The principal focus of our effort, within these three general approaches, is direct technical assistance. In FY 1982, we are requesting $26.9 million for country programs, an increase of approximately $2 million over planned FY 1981 levels, due largely to increased efforts in Southwest Asia and our program in Burma. To date, our most successful country program has been our support of Mexico's efforts to eradicate opium poppies. Before the aerial eradication program began in 1975, Mexico was the leading source of heroin for the United States. Substantial amounts of Mexican heroin are still being seized, but the herbicide program destroys an estimated 90% of the opium planted.

Drug Trafficking in Asia

In Southeast and Southwest Asia, the target drug for our proposed program is opium and the heroin which is refined from it. In Southeast Asia, this means the primary focus is in Burma and Thailand; in Southwest Asia, Pakistan. We shall also propose programs for transit countries like Turkey, and in both Southeast and Southwest Asia, a regional cooperation project.

As in Latin America, the projects proposed are of two general designs – supply reductions and demand reduction. Supply reduction projects attempt to restrict the supply of illicit opiates reaching the United States. Enforcement assistance to police and customs agencies and crop-income substitution projects fit this design. Demand reduction projects are focused on limited demand for illicit opiates. Frequently, international traffickers get their start in their own domestic drug market. At the least, a reliable domestic market provides a cushion for traffickers suffering hard times. We support a domestic program of treatment and rehabilitation of drug abusers and propose studies into the nature and extent of drug abuse in Asia. The Bureau believes demand reduction projects are an integral component of our overall assistance. They aid unfortunate individuals in countries which are crucial to a successful effort against drug abuse. The United States advances its own interest while sincerely and honestly helping our friends and allies.

Southeast Asia. Opium is grown in the rugged hill-country along the triborder area of Burma, Thailand, and Laos. Hill tribes, ethnically different from the nationals of these three states and, generally, at a lower level of civilization, are the primary cultivators of the opium poppy. They practice a slash-and-burn form of agriculture, very destructive of lumber resources and watersheds, as they cultivate the poppy.

The opium is refined just along the border between Burma and Thailand. In this wild "no-man's land," covered by very heavy jungle, neither Burma nor Thailand have the ability to exert control consistently. Bands of traffickers and opium refiners take advantage of the weakness of local governments, the difficulties of the terrain, and the crazy quilt pattern of ethnic and political insurgencies. Their income from the narcotics trade means that they are well armed and able to corrupt poorly paid provincial officials. The so-called Shan United Army (SUA) has achieved a predominant position in refining and trafficking in the Thai-Burmese border area.

Semirefined opium and its derivatives move to market through various assisting developing countries to shift from grant military assistance to cash purchases at a time when they were experiencing substantial economic growth. Until recently, most nations were making steady progress toward this objective.

The rise in oil prices, however, has had a marked impact on economic growth throughout the world. Serious problems are developing as a number of countries amass increasingly large debt obligations to OPEC [Organization of Petroleum Exporting Countries] members and to the industrialized countries. Moreover, there is growing concern among a number of security assistance recipients regarding the additional debt burden they can prudently assume in order to finance needed defense articles and services.

This problem has been further aggravated by the recent increase in interest rates in this country. In the last year, interest rates on FMS-guaranteed loans – which are computed on the basis of the cost of the money to the U.S. Government plus a modest administrative charge – have risen as high as 15%. These two trends – increasing debt burdens among recipient countries and rising Federal Financing Bank interest rates – have combined to produce a situation in which countries with particularly weak economies are facing serious difficulties in financing their purchases through this mechanism.

To deal with this problem and to insure that legitimate security needs are met without further exacerbating economic problems, we are proposing that a portion of the FY 1982 FMS financing program be made available in the form of direct U.S. Government credits. We plan to offer these credits at a rate of interest as low as 3%. The countries selected, which include Egypt, Sudan, Turkey, Thailand, and Portugal, are those facing particularly difficult economic situations and in which we have important security and foreign policy interests.

Regional Programs. As in previous years, the bulk of our FMS financing program is allocated to countries of the Middle East in support of our major security and foreign policy interests in that important region. The increased levels requested for FY 1982 are also intended as a response to recent Soviet and Soviet-supported moves against Afghanistan, in the Horn of Africa, and in other areas important to the stability of the region. Approximately 57% of the total FMS financing program is slated for Israel and Egypt.

As the primary source of assistance to Israel, the large FMS financing program reflects deep and abiding U.S. support for the independence and security of that country. It has enabled Israel to maintain its defenses at a level necessary to insure its own security. Moreover, this increased security has helped Israel to pursue peace negotiations with Egypt. The proposed FY 1982 FMS financing program of $1.4 billion would enable Israel to continue to finance its priority military requirements for air defense, high-performance aircraft, armored and tracked vehicles, artillery, missiles, and ammunition. Of this amount, $500 million would be forgiven, in recognition of the unusually heavy burden which defense expenditures impose upon the Israeli economy. We are confident that, with the proposed assistance, Israel will continue to be able to defend itself against all likely combinations of possible adversaries for the next several years.

For Egypt, which under President Sadat has become a major force for moderation in the Middle East, the proposed FMS program of $900 million ($400 million of which will be in the form of credits at reduced interest rates) will assist that country in modernizing its military force to insure its security against significant external threats from Libya and other Soviet-supported sources of instability in the region. I would note that virtually all of these credits will be applied to pay for U.S. equipment ordered in previous years, including F-16 aircraft, air-defense batteries, armored-personnel carriers, and M60A3 tanks, almost wholly intended to replace existing Soviet-origin equipment.

Turkey would receive the third largest FMS program – totaling $400 million, of which $250 million would be provided at reduced interest rates in view of the particularly difficult economic situation facing that country. Other major FMS programs are requested for Greece ($260 million), Korea ($167.5 million), Spain ($150 million), Sudan ($100 million), Tunisia ($95 million), and Thailand ($80 million).

Economic Support Fund. The economic support fund allows us to furnish economic assistance in the form of loans or grants to selected countries of special security and political interest to us. ESF can be used to fund commodity import programs, economic infrastructure and other capital projects, balance-of-payment support, and assistance for development projects of more direct impact on the poor. We realize that economic stability is often a basic precondition for political stability.

For FY 1982, we are requesting a total ESF program of $2.6 billion to fund 30 country and regional programs. This represents an increase of 26% over the FY 1981 level and about 6% over the previous administration's request.

Of this amount, we are requesting $250 million in unallocated ESF funds for use in responding to unforeseen requirements where such assistance can support important foreign policy objectives. We believe the resulting flexibility to be of the utmost importance in helping meet unforeseen contingencies. It is obviously impossible in March of 1981 to predict all needs that may arise during a fiscal year beginning 7 months from now. In the past, we have had to rely on supplementals or reprogramings to respond to developments unanticipated at the time of our budget requests.

However, experience has shown that neither we nor the Congress have found these procedures to be satisfactory. Supplemental requests are time-consuming and lessen the political and economic impact of our assistance. Reprograming is also a cumbersome process and requires sacrificing one important policy objective for another. For example, in the past 2 years we have had to reprogram to meet important unanticipated ESF needs in Thailand, Liberia, and in countries in the eastern Caribbean, Persian Gulf, and Southwest Asian regions.

Reprograming becomes even more difficult in fiscal years when most of our programs are earmarked or for compelling policy reasons are otherwise unavailable for reprograming. In FY 1981, for example, about 87% of our ESF program is earmarked by law. As a result, funds which can be shifted from one purpose to another to respond to unforeseen events are severely limited. It is, of course, for this reason among others that the executive branch continues to oppose statutory earmarking.

I should note that the Congress itself recognized this problem when last year it adopted an amendment proposed by the distinguished chairman of this committee [Clement J. Zablocki] that makes available for any emergency ESF use up to $50 million in FY 1981 ESF funds, and permits up to 5% of any earmarked funds to be used for such purpose. Inasmuch as our proposed legislation contains no FY 1982 earmarkings, we do not propose the retention of that provision. Our request for $250 million in unallocated ESF, rather, builds upon the purpose that that provision was intended to serve, namely, to increase the availability of ESF to meet requirements that cannot be anticipated at the time our annual security assistance programs are formulated and proposed to the Congress. I can assure you that this unallocated ESF would be used only for situations of high priority and in accordance with the substantive and procedural standards of the law, including normal reprograming notification requirements.

Regional Programs. Turning to our ESF country programs, the majority of funds requested would be used to provide economic assistance to the countries of the Middle East; as has been the case in previous years, Israel and Egypt would receive the largest amounts. The $785 million ESF program we are requesting for Israel would be in the form of a cash transfer, two-thirds grant and one-third in loans. Israel is expected to use these funds for balance-of-payment support, to procure essential commodities, and to ameliorate conditions which have produced its current, overheated economy. For Egypt, we are requesting an ESF program of $750 million, also two-thirds in grant and one-third in loans. These funds would be used to finance commodity imports, needed infrastucture improvements, and increased health, education, and transportation services.

Important ESF programs are also requested for Turkey ($300 million), Sudan ($50 million), Zimbabwe ($75 million), the southern Africa program ($60 million), Jamaica ($40 million), El Salvador ($40 million), and the Philippines ($50 million).

Military Assistance Program. In contrast to previous years, we are proposing no new grant military assistance country programs. Nevertheless, given the growing challenges to our interests in several crucial regions, we wish to retain the flexibility to use such assistance in situations where only it can do the job and which do not meet the criteria for emergency "drawdowns" under section 506(a) of the Foreign Assistance Act of 1961, as amended.

Accordingly, our MAP budget proposal thus includes, in addition to general costs – which consist of administrative expenses and costs related to the implementation of prior year programs – $100 million in unallocated funds. These funds will give the President the flexibility to provide grant military assistance in unforeseen situations when diplomatic and political circumstances directly related to U.S. national interests and the economic situation of the proposed recipient so require. As with the ESF special requirements fund, we would, of course, notify Congress of each intended use of these funds in accordance with standard reprograming procedures, and the assistance to be provided would be furnished in accordance with the substantive authorities and limitations applicable to MAP.

International Military Education and Training Program. In the considered judgment of our Ambassadors abroad, the international military education and training program has been perhaps our most cost-effective security assistance program. We are requesting $47.7 million for this program in FY 1982, which would allow training and instruction for military and related civilian personnel from 72 countries. This compares to an FY 1981 program of $28.4 million which provides training for personnel from 63 countries.

Over the years, executive branch officials have stressed the benefits which accrue to the United States as a result of IMET training. This training does far more than upgrade the military capabilities of allied and friendly nations. It also fosters long-range, close, and cooperative relationships with military and civilian leaders in a number of important countries, while exposing them to American democratic values and to the role of a professional military organization under civilian leadership and direction.

This committee's initiative of last year to reduce the tuition rates on IMET training has facilitated the exposure of greater numbers of foreign students to this valuable program. Indeed, these lower training costs have finally stopped the long-term decline in the annual numbers of students trained between FY 1975 and FY 1980 and are helping to restore the program to its full utility at modest cost. Nevertheless, our identified requirements are clearly expanding, especially in the Persian Gulf region, Central America, the Caribbean, and Southeast Asia. The increased levels we are requesting would meet these requirements by allowing programs for nine more countries than in FY 1981. In addition, they would allow remedial action in programs adversely affected by underfunding in past years.

MR. BURT,
MAR. 23, 1981

I am pleased to appear before your subcommittee today as you continue your examination of the Reagan Administration's security assistance proposals for fiscal year 1982. This is my first appearance as an Administration witness before a congressional committee. It is an experience to which I have long looked forward.

Legislative Proposals

Last week before your subcommittee, Under Secretary of State Buckley went into some detail on the Administration's FY 1982 security assistance request. I will try to avoid going over the same ground; instead, after making a few remarks on our security assistance and arms transfer policies, I will largely confine myself to discussing their relationship to our plans for creating a new strategic consensus in the Persian Gulf and wider Middle East.

We recognize that we are asking for a considerable increase in the size of our security assistance programs. We also realize we have done this in the face of belt-tightening in domestic programs and a lesser increase in our development assistance request. However, as Secretary Haig said last week before your committee, our security assistance goes hand-in-hand with our effort to reconstitute America's defense capabilities. We believe that we must confront the challenges to our vital interests with no less a commitment.

In addition to the value of the country and regional programs themselves, important elements in our security assistance requests include:

- The $250 million in unallocated funds for economic support fund (ESF) special requirements;
- The $100 million in unallocated funds for military assistance program special requirements; and
- The modifications to legislative authorities that we have proposed.

into force Apr. 20, 1948. TIAS 1868.
Acceptances deposited: Botswana, Feb. 27, 1978; Cape Verde, Apr. 3, 1979; Comoros, Oct. 23, 1978; Djibouti, May 3, 1978; Grenada, July 9, 1979; Lesotho, June 2, 1980; St. Lucia, Apr. 9, 1980; Vietnam, Socialist Republic of, Jan. 17, 1980; Zimbabwe, June 6, 1980.

Convention (ILO No. 53) concerning the minimum requirement of professional capacity for masters and officers on board merchant ships. Adopted at Geneva, Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1683; TS 950; 3 Bevans 281.
Ratification deposited: Djibouti, Aug. 3, 1978.

Convention (ILO No. 55) concerning the liability of the shipowner in case of sickness, injury, or death of seamen. Adopted at Geneva Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1683; TS 951; 3 Bevans 287.
Ratification deposited: Djibouti, Aug. 3, 1978.

Convention (ILO No. 58) fixing the minimum age for the admission of children to employment at sea. Adopted at Geneva Oct. 24, 1936. Entered into force for the U.S. Oct. 29, 1939. 54 Stat. 1705; TS 952; 3 Bevans 294.
Ratifications deposited: Djibouti, Aug. 3, 1978; Grenada, July 9, 1979; Seychelles, Feb. 6, 1978.

Convention (ILO No. 74) concerning the certification of able seamen. Adopted at Seattle June 29, 1946. Entered into force for the U.S. Apr. 9, 1954. 5 UST 605; TIAS 2949.
Ratification deposited: Guinea-Bissau, Feb. 9, 1977.

Load Lines
Amendments to the international convention on load lines, 1966 (TIAS 6331), relating to amendments to the convention. Done at London Nov. 12, 1975.[1]
Acceptance deposited: New Zealand, Feb. 13, 1981.

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.[1]
Acceptance deposited: Thailand, Feb. 20, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Thailand, Feb. 20, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: Chile, Mar. 16, 1981; Sri Lanka, Mar. 17, 1981.

Convention on facilitation of international maritime traffic, with annex. Done at London Apr. 9, 1965. Entered into force Mar. 5, 1967; for the U.S. May 16, 1967. TIAS 6251.
Accession deposited: Guinea, Jan. 19, 1981.

Amendments of article VII of the convention on facilitation of international maritime traffic, 1965 (TIAS 6251). Adopted at London Nov. 19, 1973.[1]
Acceptance deposited: Hungary, Feb. 9, 1981.

Meteorology
Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.
Accession deposited: St. Lucia, Mar. 2, 1981.

Nuclear Material--Physical Protection
Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[1]
Ratification deposited: German Democratic Republic, Feb. 5, 1981.[2]

Nuclear Weapons—Nonproliferation
Treaty on the non-proliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.
Ratification deposited: Egypt, Feb. 26, 1981.[6]

Patents, Microorganisms
Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977.
Ratification deposited: U.S.S.R., Jan. 22, 1981.

Pollution
Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.[1]
Accession deposited: Liberia, Feb. 17, 1981.

Postal
General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.
Signatures: Afghanistan, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Benin, Bhutan, Bolivia, Burma, Byelorussia Soviet Socialist Republic, Botswana, Brazil, Bulgaria, Burundi, Cameroon, Canada, Central African Republic, Chad, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Ecuador, Egypt, Ethiopia, Finland, France, Gabon, German Democratic Republic, F.R.G., Greece, Guinea, Guinea-Bissau, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Republic of Korea, Democratic Republic of Korea, Kuwait, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malaysia, Malawi, Mali, Mauritania, Mauritius, Mexico, Monaco, Mongolia, Morocco, Mozambique, Nepal, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, San Marino, Saudi Arabia, Senegal, Sierra Leone, Singapore, Spain, Sudan, Suriname, Sri Lanka, Swaziland, Sweden, Switzerland, Syria, Tanzania, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, United Arab Emirates, U.K. (including overseas territories), U.S., Uruguay, Upper Volta, U.S.S.R., Yemen Arab Republic, Democratic Republic of Yemen, Yugoslavia, Zaire, Zambia, Oct. 26, 1979; Venezuela, Oct. 24, 1979. 1979.

Constitution of the universal postal union with final protocol. Done at Vienna July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Ratification deposited: Saudi Arabia, Dec. 11, 1980.

Additional protocol to the constitution of the universal postal union with final protocol signed at Vienna July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol which entered into force Jan. 1, 1971. TIAS 7150.
Ratification deposited: Saudi Arabia, Dec. 11, 1980.

Second additional protocol to the constitution of the universal postal union of July 10, 1964, general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Ratifications deposited: Liberia, Nov. 28, 1980; Saudi Arabia, May 11, 1979.

Money orders and postal travellers' checks agreement, with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.
Signatures: Algeria, Argentina, Austria, Barbados, Belgium, Benin, Bulgaria, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo, Costa Rica, Cyprus, Czechoslovakia, Denmark, Ecuador, Egypt, Finland, France, Gabon, F.R.G., Greece, Guinea, Haiti, Hungary, Iceland, Indonesia, Ivory Coast, Japan, Jordan, Republic of Korea, Kuwait, Lebanon, Liechtenstein, Libya, Luxembourg, Madagascar, Mali, Mauritania, Mexico, Monaco, Morocco, Mozambique, Netherlands, Netherlands Antilles, Nicaragua, Niger, Norway, Romania, Rwanda, San Marino, Senegal, Spain, Sri Lanka, Sudan, Suriname, Sweden, Switzerland, Syria, Thailand, Togo, Tunisia, Turkey, U.S., Upper Volta, Uruguay, Vatican City, Democratic Republic of Yemen, Yemen Arab Republic, Yugoslavia, Zaire, Oct. 26, 1979.

Rubber
International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Ratification deposited: Mexico, Feb. 24, 1981.

Safety at Sea
International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Acceptance deposited: Indonesia, Feb. 17, 1981.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Enters into force May 1, 1981.
Accession deposited: Denmark, Nov. 27, 1980.

Satellite Communications System
Agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.
Accession deposited: Somalia, Mar. 27, 1981.

Operating agreement relating to the International Telecommunications Satellite Organization (INTELSAT), with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.
Signature: Ministry of Posts and Telecommunications, Somalia, Mar. 27, 1981.

Space
Agreement governing the activities of states on the Moon and other celestial bodies. Adopted at New York Dec. 5, 1979.[1]
Signature: Netherlands, Jan. 27, 1981.

Convention on registration of objects launched into outer space. Done at New York Jan. 14, 1975. Entered into force Sept. 15, 1976. TIAS 8480.
Accession deposited: Netherlands, Jan. 26, 1981.

Telecommunications
International telecommunication convention with annexes and protocols. Done at Malaga-Torremolinos Oct. 25, 1973. Entered into force Jan. 1, 1975; for the U.S. Apr. 7, 1976. TIAS 8572.
Accession deposited: Zimbabwe, Feb. 10, 1981.

Terrorism
International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[1]
Accession deposited: Barbados, Mar. 9, 1981.

Tourism
Statutes of the World Tourism Organization (WTO). Done at Mexico City Sept. 27, 1970. Entered into force Jan. 2, 1975; for the U.S. Dec. 16, 1975. TIAS 8307.
Notification of withdrawal deposited: El Salvador, Jan. 28, 1980, effective Jan. 28, 1981.

Transportation
Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976.[4]
Accession deposited: Morocco, Mar. 5, 1981.

UNIDO
Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Signatures: Poland, Jan. 22, 1981; Hungary, Jan. 26, 1981; Haiti, Jan. 28, 1981; Mauritania, Mar. 4, 1981; Cyprus, Mar. 17, 1981.
Ratification deposited: Iraq, Jan. 23, 1981; Ethiopia, Feb. 23, 1981; Cuba, Mar. 16, 1981.

Whaling
International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of adherence: India, Mar. 9, 1981.
Notification of succession: Papua New Guinea, Mar. 16, 1981.

Amendments to the schedule to the international convention for the regulation of whaling, 1946. Adopted at the 32d meeting of the International Whaling Commission, Brighton July 21–26, 1980. Entered into force Nov. 26, 1980, except for certain amendments that entered into force Feb. 23, 1981.

Wheat
1981 protocol for the sixth extension of the wheat trade convention, 1971. Open for signature at Washington from Mar. 24 through May 15, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signature: Norway, Mar. 25, 1981.

Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended) (TIAS 7144, 9878). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.
Ratification deposited: F.R.G., Mar. 23, 1981.[7]

1981 protocol for the first extension of the food aid convention, 1980. Open for signature at Washington from Mar. 24 through May 15, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signature: Norway, Mar. 25, 1981.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Ratifications deposited: U.S.S.R., Jan. 23, 1981; Rwanda, Mar. 2, 1981; Ukrainian Soviet Socialist Republic, Mar. 12, 1981.

World Heritage
Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.
Ratification deposited: Ivory Coast, Jan. 9, 1981.

BILATERAL

Australia
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 14, 1953. Entered into force Dec. 14, 1953. TIAS 2880.
Termination: Papua New Guinea, Sept. 16, 1975.

Agreement relating to operation of United States military flights through RAAF Base Darwin. Effected by exchange of notes at Canberra Mar. 11, 1981. Entered into force Mar. 11, 1981.

Belgium
Agreement in the field of radioactive waste management. Signed at Mol and Washington Jan. 7 and 19, 1981. Entered into force Jan. 19, 1981.

Brazil
Record of discussion concerning salted cattle hides and manufactured leather products. Signed at Brasilia Aug. 13, 1980. Entered into force Oct. 1, 1980.

Canada
Agreement with respect to social security. Signed at Ottawa Mar. 11, 1981. Enters into force on the first day of the second month following the month in which each government shall have received from the other government written notification that it has complied with all statutory and constitutional requirements for the entry into force of this agreement.

Denmark
General security of information agreement. Effected by exchange of notes at Copenhagen Jan. 23 and Feb. 27, 1981. Entered into force Feb. 27, 1981.

Dominica
Agreement relating to the establishment of a Peace Corps program in Dominica. Effected by exchange of letters at Bridgetown and Roseau May 15 and 22, 1980. Entered into force May 22, 1980. Supersedes agreement of Dec. 16, 1966, and Jan. 11, 1967 (TIAS 6206).

Ecuador
Agreement extending the agreement of Sept. 18, 1975 (TIAS 8282), relating to the cooperative program in Ecuador for the

companies in 1979, particularly the Japanese, played a major role in keeping companies off the spot market.

We realized that certain countries were particularly dependent on Iraqi and Iranian supplies, and special efforts were needed to make sure that these countries would have access to other sources of crude. The most urgent such case was Turkey, which depended on the two combatants for 70% of normal crude imports and where financial stringency had prevented the accumulation of more than 40 days' stocks.

At Turkey's request, IEA Executive Director Lantzke coordinated an informal effort to analyze Turkey's needs and to examine how the shortfall in oil supplies might be made up. The United States and other IEA members contacted oil companies to inform them of Turkey's needs and to suggest that any available and appropriate crude cargoes be offered to Turkey. Substantial amounts of oil were offered in this informal way. As it happened, the timely resumption of Iraqi pipeline shipments, together with purchases from Iran, allowed Turkey to meet its current needs.

Together with industry . . . we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure renewed and sustained economic growth at home and abroad.

Looking at the oil market as we move out of the winter heating season, we can say the situation is improved. Growing export volumes from Iran and Iraq in the face of continuing weak demand due to recession and to a surprising amount of price-induced conservation allow the market to balance. Yet we must continue to be cautious. The exposed Iraqi pipelines through Turkey and Syria can be interrupted again. A too-rapid effort to rebuild depleted stocks on the part of IEA members could lead to price pressure in the open market. And in light of these needs, early production cutbacks by surplus Persian Gulf producers could also cause difficulties.

Planning for the Future

It is in this uncertain environment that we find ourselves developing an international energy policy for the future. I am not sure any two people would agree on what an adequate degree of energy security is, but I am confident that all would agree that generally we need more of it.

For the United States, protection against unforeseen crude oil shortfalls must begin with an effective strategic petroleum reserve. Earlier this year, we began a policy of open solicitations for reserve purchases, subject to budgetary considerations, of course. It is not clear how much oil the Department of Energy will be able to purchase through the end of the year, but we are very encouraged by the offers we have received so far. Our intermediate goal for an effective national reserve remains 500 million barrels; our long-term goal is 1 billion barrels.

The strategic petroleum reserve is a foundation for crude oil security. We anticipate it would be used in response to a major oil supply interruption and in the framework of an IEA response. But it is not the all-purpose instrument some people believe it is. It is not a price stabilization mechanism or buffer stock to be used to intervene in markets. It is not to be used to cover small-scale, regional, or short-lived supply interruptions, where private stocks, demand restraint, fuel switching, or private markets can do the job.

As important as the building of an effective national reserve is, therefore, we cannot ignore other measures to improve energy security and preparedness. With the Iran-Iraq conflict, IEA members gained greater experience with informal cooperative measures. We can build on this and earlier experiences to fashion contingency measures for less than catastrophic crude supply interruptions that minimize marketplace intervention but prevent unjustified (and long-lasting) crude oil price increases.

We are just beginning an in-depth review of international energy policies in this area, in the U.S. Government and in a high-level ad hoc IEA group. Let me mention a few of the ideas which are sure to be considered.

Oil stocks in private hands are an important part of our energy security system. I believe that the informal stock consultations initiated following the outbreak of the Iran-Iraq war helped establish a psychological climate that encouraged stock drawdowns in the early stages. We are reviewing our stock management and consultation policy to see whether improvements can be made. It might be advantageous, for example, if all IEA nations increased private stock levels beyond the current required minimum of 90 days of imports.

There is, of course, a limit to industrial nations' ability to use public and private stocks to cushion supply disruptions of long duration. The role of demand restraint in counteracting sustained oil-supply shortfalls is indispensable. The United States may now rely to a larger extent on the free play of market forces to distribute oil domestically during a shortfall, but we must not underestimate the value of coordinated commitments by industrial countries to restrain oil consumption in a crisis. We must examine the possible use of such domestic policy measures as disruption fees or taxes and other market-based demand restraint measures, perhaps on a regional basis.

We have, however, too long been oriented to demand-side responses in our efforts to deal with disruptions. The supply-side offers promising avenues to pursue as well. It may be useful, for example, to have surge capacity for petroleum and natural gas and expanded storage for such fuels as natural gas. The natural gas shortfall in the New England area this winter points to the need for greater preparedness. Obviously, serious policy issues, including a liquified natural gas import policy and price decontrol program, are involved, and the Administration's review of these issues is only beginning. We need to accelerate the development of nuclear energy by streamlining licensing procedures, by creating a climate of political support for nuclear energy, and by fostering appropriate marginal cost pricing for electricity. We also need to reduce rapidly all supply-side restraints on coal utilization.

We need to examine what public policies are appropriate to encourage the construction and expansion of dual-fired industrial facilities. There are many industrial processes where alternate fuels are feasible, and greater fuel-switching capability can help us offset small market disruptions.

I mentioned the importance of accurate information on a continuing basis. As you know, the U.S. Government and the IEA each request a wide range of information from the oil industry on a regular basis. We are taking a hard look at all these information-gathering efforts to eliminate duplication and to see what is truly necessary. High on my list of priorities is preserving the good oil company cooperation with the IEA that we presently have. This is fundamental to the oil-sharing system. I recently testified in Congress to request that the Energy Policy and Conservation Act Section 252 antitrust defense for this type of activity be extended for several months to allow us to complete our review and make proposals for amendment to the present law.

All these policies and more will be needed to improve the state of American energy security. Meaningful energy security, however, requires more than contingency planning. It requires long-term efforts to enhance supply as well. We must make a determined effort to develop new sources of conventional and nonconventional energy at home and abroad. Here the record is good and getting better. U.S. energy production is up, coal output quite substantially. Price decontrol will help justify marginal oil and gas development and secondary and tertiary production techniques. Accelerated leasing of Federal lands will also provide scope for significant production increases. Investments in synthetic-fuels technologies are up and some exciting concepts are being explored. The President is committed to renewed attention to nuclear energy's potential.

Investment Environment

In closing, a cursory review of efforts to enhance conventional energy supplies cannot ignore the international investment environment. We are justifiably proud of the record level of drilling activity in the United States today, but this level reflects the more favorable climate here for exploration and development more than it does the promise of substantial geologic potential. The sad fact is that some of the most promising areas for development of conventional energy sources are not being developed as they should be.

In some cases, like the Middle East and the North Sea, this results from intentional governmental decisions to conserve or to restrict production through taxation. We need to inspire innovative processes to stimulate the development of higher productive capacities. Elsewhere, as in our neighbor to the north, discriminatory investment policies, which favor domestic over foreign companies, run the risk of reducing substantially the optimal development of energy capacity. We need to remind the world that foreign companies are not the bearers of economic dependency, as some abstract social theories portray them. Rather, capital, which is willing to bear risk of exploration and development regardless of its national origin, can be harnessed for the well-being of all concerned.

There is, as well, the sad fact that in many developing countries it is politically unacceptable for foreign companies – which have the required expertise and capital for exploration and development – to carry out work without the equity participation of domestic interests, which do not have the financial ability to invest alone. We need to examine ways to overcome this political barrier, perhaps by fostering the mutually advantageous cooperation of oil companies, national governments, private banks, and multilateral lending institutions. We are now examining this issue to see if such proposals make sense for U.S. policy and U.S. firms.

We need, also, to recognize the impediment to energy resource development, especially in developing countries, which results from incompatibilities between fiscal regimes here and abroad. Here, too, we need to be creative in developing acceptable ways to reconcile these differences and thereby enhance investment in exploration and development.

Finally, through the IEA's Standing Group on Long-Term Cooperation, which I chair, we are seeking to encourage more effective energy policies in all industrial countries. Jointly, IEA nations will be reducing the role of oil in their economies and moving to encourage new production of oil and alternative sources.

We have a long road ahead, and the risks of renewed crude oil supply problems are endemic to today's world. Together with industry, however, we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure renewed and sustained economic growth at home and abroad. ■

in developing countries, and in related ways, increasing avenues for our own private sector to expand its associations and business, has not previously received the attention it deserves in AID. I have already initiated work in AID to find important and significant programs to involve American financial and manufacturing sectors in investment and advisory activities. We must be careful here to facilitate business involvement and not to substitute for private capital. Ultimately, the most significant economic development will come from vigorous free markets in goods and services. I am convinced AID can play a significant catalytic role and will be back to you for advice and counsel as our ideas develop.

This committee has stressed, in its development of the new directions legislation, the importance of establishing a sound and permanent institutional base in recipient countries. I am a strong believer in emphasizing in our programs the special capacity we have in the technology transfer area–the provision of skills, ideas and training, and the strengthening of policies, systems, and institutions to carry on development programs once outside help is no longer available. AID is already heavily engaged in technology transfer, and many projects providing technical assistance are enhanced by associated resource transfers–for example, fertilizer, contraceptives, and some physical plants and equipment. As I want to be sure we are getting the most benefit from our limited resources, and not doing work that can better be done by others, I am examining AID's program to see whether some shift at the margin toward further institution-building and technology transfer is possible.

AID has a very dedicated and able staff, highly experienced in the difficult job of development. A special strength of AID is its overseas mission structure which permits productive day-to-day dialogue with recipient countries on policy and implementation matters. This approach enhances the effectiveness of our technology and resource transfers. Concentration on institution-building and associated technology transfer will not decrease our staffing needs, and yet AID, along with nearly all other parts of the government, will see significant staff reductions over the next several years. To the greatest extent possible, it is my intention to protect our overseas missions and take the bulk of the reductions in Washington. We will be exploring a number of further steps to simplify our systems to reduce unnecessary workload on our staff. This policy has been started by my most recent predecessors, and I intend to move even further in this direction. I will seek your counsel and support for any significant changes that may be necessary.

I strongly support the close integration of the major components–development assistance, PL 480 [Food for Peace program], the economic support fund, and housing insurance guarantees–of our bilateral programs to achieve the greatest degree of development benefit. This committee has pioneered in this effort, and I intend to see that the process is carried forward with even greater emphasis.

Evaluation is an important tool, if used properly, in assuring that our resources are used well and that we learn from past successes and mistakes in planning and implementing future programs. I intend to continue and expand AID's evaluation program, especially the impact evaluations whose usefulness has already gained recognition by this and other committees of Congress.

Program Highlights

These are but a few of the myriad issues, concerns, and opportunities that confront me as new Administrator. I would now like to focus on the highlights of our proposed program.

Food Production. More than half of AID's development assistance budget is focused on food-related problems. Increasing food production distribution and consumption within a growth with equity strategy is a primary goal of AID. The magnitude of the world food problem demands such attention. Food production can be accelerated significantly through better planning, more realistic policies, and increased investment in research, physical infrastructure, and marketing systems.

In FY 1982 $727.8 million is requested for this sector. AID's farm level efforts to increase food production are varied. Through training, technical assistance, and financial support, AID will foster the improvements needed to increase the production of the family farmers. Our focus on the total farming system offers a promising approach to research and development of technologies most useful to farmers. Through additional research–in U.S. universities, international agricultural research centers, and in the growing national research establishments in low-income countries–AID intends to stimulate the continued development and dissemination of improved agricultural technologies.

The agricultural production policies of recipient countries are also critical. We have two major instruments for influencing policy. First, through technical and capital assistance we help reduce policy and related institutional impediments to equitable growth. Second, by providing PL 480 food aid in the context of a long-term agricultural development plan, we encourage policy changes to reduce food deficits while addressing the worst immediate aspects of such shortages on the needy.

Deforestation. The grave implications of a related problem, accelerated deforestation, are upon us. This is a threat both to rural energy needs and to agricultural productivity. Forests are being cut for fuelwood at a rate faster than the process of natural regrowth. Consequently, erosion is increasing and the resulting siltation reduces streamflow, increases flooding, and affects the utilization and maintenance of irrigation systems. Adequate supplies of potable water are equally threatened. Forestry assistance is now a key element of AID's program, as is our assistance to help developing countries manage their natural resources more efficiently and productively.

Energy. Deforestation has itself been accelerated by the worldwide fossil fuel energy crisis. With the upward spiral in the price of petroleum-based fuels, the pressure on fuelwood supplies has intensified. AID is, therefore, giving increased emphasis to the development and diffusion of alternative rural energy sources such as biogas and minihydro as well as more efficient energy conversion devices, such as wood-burning stoves. We are also strengthening institutions for energy planning and policy analysis. Over $77 million is sought for all types of energy programs in FY 1982.

Population Growth. Rapid population growth in developing countries exacerbates food, environment, and energy problems. Between 1980 and the year 2000, the world's population is expected to increase from about 4½ billion to over 6 billion people; 90% of that increase will take place in the developing countries. While the demographic situation is serious, it is not hopeless. Worldwide population growth rates are no longer rising. Among the 13 most populous developing countries, all have experienced crude birthrate declines. However, significant countries and regions of the developing world are still growing at rapid rates that offset development gains and contribute to local and global instability.

As the largest donor for international population programs, the United States has played an important part in bringing about decreased population growth rates. We have led in developing and disseminating the most widely used contraceptive methods; in providing contraceptives; in developing inexpensive service delivery systems; in training personnel; and increasing motivation for family planning among individuals, communities, and national leaders.

We must continue to assert our leadership. Today, demand for population programs far exceeds available resources. Our funding request of $253.4 million for population programs is essential to keep up the momentum in the highest priority program areas.

Health. Illness and early death are common among the poor in developing countries. Although infant mortality has declined by almost one-half during the last 25 years, 1 out of 10 infants, overall in developing countries, fails to reach 1 year of age, and in many countries this figure is in the range of 2 out of 10.

Primary health care, a combination of the most basic preventive and curative health services, is among the most promising means of reducing childhood disease and death, of diminishing poor hygiene and related poor nutrition, as well as the often fatal effects of too-frequent pregnancies. Most developing nations have made a firm commitment to primary health care and many look forward to the extremely ambitious goal of universal access to primary health care by the end of the century.

AID has been a leader in financing primary health care programs since the early 1970s and has helped finance nearly 50 programs in 36 countries. Part of the challenge before us is to help developing countries establish systems that can be self-sustained through government efforts and participation of local communities. We are requesting $120.4 million in FY 1982 to meet that challenge and carry on other priority work in the health sector.

Education. The education problems which developing countries face are enormous. Indeed, because of the rapid growth of the youthful population and the acute shortages of teachers and instructional material, developing countries face the very real prospect of having more school-age children out of school in 1985 than a decade earlier. Our strategy is to help developing countries find cost-effective ways of improving their basic educational programs.

AID also focuses on critical higher level manpower shortages that undermine economic progress in the developing world. AID has supported the training of over 200,000 professionals in a wide range of fields critical to development. I am personally concerned that AID's participant training program has declined in the last decade, notwithstanding continuing high demand for American university and specialized training.

In order to help meet these education and training needs, we are requesting $109.6 million for FY 1982, primarily for programs in Latin America and Africa. The bulk of these funds will be used to support programs for basic primary and nonformal education as well as vocational, technical, and professional training.

Geographic Highlights

Now let me touch on a few geographic highlights.

Africa. Twenty-six percent of our development assistance program is focused on Africa, including $107.5 million for the Sahel. The most pressing and interrelated problems in Africa today are declining per capita food production and the rapid depletion of traditional energy resources. These problems, aggravated by serious balance-of-payments deficits in many African countries, are resulting in much human suffering. They also point to potential economic and political instability—a matter of great concern to U.S. interests in this continent. Resolution of these problems has become the highest development priority for most African governments and international donors, including AID.

There is significant food production potential in Africa. By the year 2000, and perhaps well before that with adequate investment and supporting policies, a number of countries will be surplus producers. AID assistance strengthens national agricultural research systems, small-holder irrigation, and marketing and distribution systems. We also believe that a combination of improved agricultural and land management practices and expanded reforestation programs by AID and other donors will ease the energy problem. A third approach is to tackle population growth directly, which at 2.7% a year in sub-Saharan Africa is higher than in any other region and still increasing. There is a growing awareness among many African leaders that the population question needs to be faced. To help bridge the food gap, PL 480 Title I and II programs are being maintained as vital to a food-short and drought-prone continent.

Asia. Thirty percent of the development assistance program is concentrated in Asia. Several major Asian countries have chalked up impressive gains in food production. AID assistance in the form of fertilizer, financing for irrigation, and technical assistance has contributed to the Philippines' approaching rice self-sufficiency, to impressive wheat production gains in Pakistan and Bangladesh, and to supporting Indonesian incentive pricing policies for rice production. Our assistance was a major factor in establishing India's agricultural education and research system and domestic fertilizer capacity, which in turn has contributed to its current market self-sufficiency in basic grains.

Notwithstanding this progress, the food deficit for the region, as a whole, is expected to increase. The gap between effective demand and domestic supply would become even greater if pervasive malnutrition were to be eliminated. Through projects assisted by AID and other donors that help farmers increase food production and provide expanded rural employment and income, a 4% annual growth rate is projected in food production for the region.

While population growth has declined significantly, thanks in part to channels. We feel the largest part of opium produced in the "Golden Triangle" region of Southeast Asia transits Thailand before it leaves the region. The tendency for opiates to leave the region via Thailand is encouraged, at least in part, by the relative isolation and controlled nature of the Burmese and Lao societies. Nevertheless, some opiates move through Burma by land to the Tenasserim coast, then on to Malaysia, and elsewhere by sea. We believe the major trafficking routes, however, lead over land to Bangkok and points south in Thailand and Malaysia, then by air and traveler concealment to destinations outside the region.

Southwest Asia. Opium is offered for sale relatively openly at towns along the border between Afghanistan and Pakistan. These tribal areas are not subject to Pakistani Government law or control and have long resisted nontribal authority. Opium and refined products leave the tribal areas over land or by camel caravans and truck. There is also clear evidence of movement out by sea and by air through Karachi. Some enforcement officials speculate that shipments of Afghanistan and Pakistan opium to meet the demand of Iran's large addict populations frees up a portion of Iran's production for movement into Turkey's eastern province. Opium can be refined into morphine base and heroin at any point from the Pakistani frontier to eastern Turkey. The refineries used in this process are crude and highly mobile. They are not easy to locate and destroy.

Morphine base is also moved to Turkey's porous southern coastline where it is shipped to points in Italy for further refining into heroin and movement to the United States through Mafia channels. Heroin moves directly over land to Western Europe where it has fueled an addiction epidemic of unprecedented proportions and has the potential for affecting our Armed Forces.

Programs in Asia

To counter the threat from opium-heroin production in Southeast and Southwest Asia, we support programs designed to reduce both the supply of and the demand for opium and heroin. In FY 1982, we are requesting $9 million for country programs in Southeast Asia and $4.4 million for programs in Southwest Asia.

In Southeast Asia, international narcotics control assistance supports enforcement efforts in Thailand and in Burma. In Thailand, commodities such as vehicles, narcotics test kits, and training are provided to narcotics enforcement units of the Thai police and customs.

In Burma our assistance supports contract maintenance for fixed- and rotary-wing aircraft used to curtail opium production. Recently, the destruction of more than 5,000 acres of poppies was made possible by these aircraft to ferry personnel to the isolated areas where poppies grow.

Encouraging regional enforcement cooperation is also an important goal of our assistance. In Southeast Asia, the Bureau has pursued this by funding police training for students from the five ASEAN [Association of South East Asian Nations] countries at the Thai police academy. This goal has also been advanced through the activities of the Colombo Plan drug adviser, who is dedicated to regional cooperation. From its inception, the Colombo Plan drug advisory program has received most of its financial support from the United States.

Through the "cross-posting program" – one facet of this program – the Colombo Plan finances the travel of two officers working on the narcotics problem in ASEAN countries. These officers exchange positions for several months to broaden their experience and encourage international cooperation against narcotics trafficking. We are requesting $150,000 in FY 1982 to support the Colombo Plan's efforts.

In Southwest Asia, political turmoil has prevented the Bureau from cooperating with Iran or Afghanistan. It has been estimated that if all the opium presently stored in Pakistan were to be converted into heroin, Pakistan alone could supply the U.S. market at present U.S. consumption rates for the next 10 years. We are attempting to strengthen Pakistani narcotics law enforcement efforts through training and commodity assistance to the Pakistani Narcotics Control Board, the Pakistani Customs Service, and other agencies with enforcement responsibilities. Additionally, we support income-crop substitution programs and addict treatment and rehabilitation. In Pakistan, the Bureau is planning a significant increase in efforts. A total of $1.1 million will be provided for the customs and board units and $1.3 million for the agricultural development project in the northwest frontier province to develop alternate income sources.

Geographic position has helped to make Turkey an important trafficking route for Southwest Asian heroin on its way to Europe and the United States. Our assistance is designed to respond to the problem of generally tight budgets in Pakistan by providing needed commodities and narcotics law enforcement training.

Situation in Latin America

Latin Americans, because of their geographical and cultural proximity, are much more attuned to our society than the inhabitants of the remote narcotics-producing areas of Asia. They are more aware of the perceived ambivalent attitude toward drug abuse among major elements of our population. They also are more aware of our inability to fully enforce our own laws against the production here of illicit drugs and marijuana. This relative familiarity with the controversy over drug use here adds a unique complication to our programs in Latin America.

We frequently must convince influential private and public figures that the United States – the ready market for lucrative exports from their weak economies – really wants them to take strong and politically difficult measures to control illicit production and trafficking. Otherwise responsible Colombian businessmen, for example, have charged that their desire to eliminate Colombian marijuana production is designed to "protect the United States marijuana producers' market." And some Caribbean officials, while accepting our pleas that they improve their interdiction efforts, have noted that our own judicial procedures sometimes appear limited to apprehending traffickers.

Latin America's importance as prime supplier of illicit cocaine and marijuana for the U.S. market has increased as production has expanded in Bolivia, Peru, and Colombia. The latter is also a major trafficking country. Our programing, based on unqualified successes in Turkey and Mexico, has consistently sought to attack the actual production in the fields. Simultaneously, it attempts to implement projects and contacts toward improving affected governments' commitments and abilities with regard to both the interdiction of drugs as well as legal action against major traffickers.

As Mexico's drive against heroin and marijuana production became effective, Colombia's role as transit point for cocaine and producer of marijuana became predominant. Trafficking earnings are now estimated to surpass those of coffee in the national economy. This Colombian-U.S. link has quickly proven to be a devastating social and economic problem for the small Caribbean states – Bahamas, Jamaica, and others – through which the traffic passes. It is, therefore, a bilateral political problem for the United States in an area already sensitive because of economic and security threats.

Progress in Latin America

In FY 1982, $13.5 million, or approximately 50% of our overall country program assistance, is requested for our Latin American initiatives.

Mexico. The joint U.S.-Mexican campaign to eradicate opium poppy continues to be very successful. Our FY 1982 planning assumes that the Mexican Government will attain partial self-sufficiency in most operational aspects of the eradication program. We shall continue to provide support for the remote sensing program, which was developed in conjunction with the National Aeronautics and Space Administration, and we will continue to provide some commodity equipment. Our total input will be $5.6 million, down substantially from $18.5 million in 1978. We shall work as closely as possible with the Mexican Attorney General's Office to sustain current controls and diminish further production of opium from this traditional growing area on our border. As Mexican Government self-sufficiency is established, our monitoring will continue, but our program costs will be reduced appropriately.

Peru. Our FY 1982 programing continues with its long-term drive to diminish cocaine production, in part through improved herbicide eradication techniques but primarily through appropriate participation in, and support for, a major agricultural program in Peru's principal cocaine-producing area. This support includes $2.9 million covering a wide spectrum of activities – some directly connected with agricultural work, others with the Peruvian enforcement agencies such as the Guardia Civil, Peruvian Investigative Police, and Peruvian Customs Service, whose work is essential to the success of control through alternative crop programs.

Our Peruvian programs have been designed to coordinate closely with and be complemented by the rural development program of the Agency for International Development. We have worked for 2 years to initiate such a project in the illicit coca area, which now produces an estimated 40–60 metric tons of illicit cocaine annually. If sufficient funding and multilateral commitment can be garnered, we see real possibilities for success in effectively diminishing illicit Peruvian production.

Bolivia. Almost all program activities in Bolivia have been suspended in the wake of that country's July 17, 1980, takeover by a military junta closely connected with cocaine trafficking. Resumption of full programing in Bolivia depends on a political decision as to the possibility of achieving useful antidrug results through cooperation with the Bolivian Government. In light of the consistent reporting which shows complete complicity between Bolivian enforcement agencies, the Bolivian military, and major Bolivian traffickers, resumption of programing is currently impossible. If the situation changes dramatically, we will seek reprograming possibilities to reinstate effective programs.

Colombia. Colombia continues to be the major processor of cocaine hydrochloride, supplying approximately 70% of the U.S. and world markets. It also provides 70% of the marijuana smuggled to the United States, with an estimated 23,000–25,000 metric tons produced in the 1980 harvest. Building on previous programs totaling $19.7 million in FY 1980 and FY 1981, the FY 1982 program will extend support at a level of $2.7 million. The majority of this new funding – $1.7 million – will be used to assist the national police, as the primary Colombian Government agency for narcotics enforcement. Modest amounts will support the Colombian Customs Service, the Attorney General's Office, and the Mission's project development and support costs. Any effective steps to move the Colombians toward attacking their vast marijuana production are hindered by two factors: our own inability to suppress domestic marijuana cultivation in the United States and our being prevented from working toward eradication through herbicidal spraying.

Ecuador. We have maintained a program in Ecuador because of that country's importance as a major trafficking link for coca derivatives and cocaine from Bolivia and Peru to Colombia. For FY 1982, a funding level of $480,000 will be provided to support ongoing interdiction work by enforcement agencies and to continue drug abuse education efforts.

Brazil. Since 1979 Brazil has shown evidence of becoming an important cocaine transshipment country and the principal source for acetone and ether used in cocaine refinement in Bolivia. Fairly sophisticated drug distribution networks transship cocaine from Bolivia through Brazil for ultimate transport to the United States and Europe. Our goal is to assist Brazilian federal police in curtailing the processing and transshipment of coca derivatives destined eventually for the United States.

In FY 1981, the United States is negotiating a project agreement with the federal police, which is under the responsibility of the Ministry of Justice and is the agency within the Brazilian Government with primary responsibility for narcotics control. Approximately $200,000 will support border interdiction operations aimed at disrupting trafficking at key spots on the Colombian and Bolivian borders.

If supported by evaluation of the success of the FY 1981 operations, we will continue in FY 1982 to support the federal police in its border interdiction program for cocaine. About $500,000 will provide commodity support, training, and rental of necessary tactical air transportation for Brazilian narcotics teams in operations border areas and other support costs.

The Caribbean. Trafficking routes for 70% of the cocaine and marijuana and a major portion of the illicitly produced dangerous drugs entering the United States pass through the Caribbean. The impact of this flow on the United States, especially Florida, has long been obvious. The Attorney General of Florida has reportedly described the trade in cocaine, marijuana, and illicit quaaludes in that State alone as "the biggest retail business in our State," amounting to about $7 billion. But the affected Caribbean countries are only now beginning to perceive the serious social, political, and economic problems for themselves stemming from the traffic. The matter has been raised recently as a priority bilateral issue by both the Bahamas and Jamaica; the latter is the source of approximately 25% of marijuana smuggled into the United States. We are undertaking a Caribbean regional narcotics program aimed at establishing a basis for better coordination among the Caribbean countries, particularly Jamaica, the Bahamas, the Turks and Caicos, and U.S. enforcement Agencies – DEA, Coast Guard, and Customs. The main thrust of this funding is to be used in improving interdiction results in the Caribbean, pursuing

The two special requirements funds would enable us to respond rapidly in unforeseen circumstances where other assistance is not available and where an infusion of either ESF economic assistance or military materiel would make a critical difference in the successful pursuit of U.S. political and security interests.

Similarly, the legislative proposals would support our objectives by:

- Enhancing our arms cooperation efforts with NATO and other allies;
- Helping to procure high-demand equipment in advance to avoid drawing down U.S. service inventories in the event of urgent foreign needs;
- Facilitating the performance of legitimate and important functions in our overseas security assistance program management; and
- Removing certain severe restrictions on the President's ability to conduct an effective and flexible foreign policy.

Arms Transfer Policy

Last week, Under Secretary Buckley also told this subcommittee that we have started a review of conventional arms transfer policy. He mentioned those general principles that are guiding the Administration's approach. Although the review is still in progress, I would like to elaborate on the Administration's thinking.

We consider arms transfers to be an important implement of our global defense posture and our foreign policy. We believe they should be used in a positive manner to advance our national security interests.

Specifically, we intend to use arms transfers for the following purposes:

- To strengthen the military capabilities of friends and allies;
- To enhance important bilateral relationships we have with other countries;
- To support our overseas basing and access requirements;
- To send signals to friends and adversaries alike about American determination to act on behalf of its interests.

Therefore, we are seeking to forge a policy that will insure that arms transfers contribute directly to U.S. security interests; neither restraint for its own sake nor an unrestricted cash-and-carry attitude would accomplish this. In this context, I want to assure the subcommittee that any suggestion of an uncontrolled sales approach would be a complete misreading of our intentions. In addition, we are not only reviewing the policy itself, but we are looking very closely at our managerial and decision-making structure to insure that lines of authority are not confused and that arms transfer decisions are made efficiently.

Middle East/Persian Gulf

Let me turn now to the Middle East/Persian Gulf. The Administration is actively formulating a strategic approach to this critical part of the world. Our goal is to produce an integrated and coherent strategy to defend our interests throughout the region. Although there are no final conclusions to discuss with you today, I would like to give you a sense of our objectives and the direction in which we are proceeding.

The United States has a fundamental interest in nurturing an environment in the region in which the local states are able to develop sound political and economic institutions and relationships. In order to realize our specific objectives, we must:

- Demonstrate the ability to counter the influence of the Soviets and their allies;
- Insure continued Western access to the oil of the Persian Gulf in adequate quantities and at a reasonable price;
- Insure the continued existence and strength of our friends in the region; and
- Continue to work toward peace between Israel and her neighbors.

In the wake of Iran's revolution, the continued Soviet occupation of Afghanistan, and the accumulation of Soviet power in and near the Persian Gulf, these objectives are increasingly threatened. Regional states are experiencing the turbulence which accompanies the modernization of traditional societies. There exists a regional environment of endemic conflict springing from political, religious, ethnic, ideological, and economic differences. Revolution, external support of opposition groups, and conflict between states are the rule rather than the exception. Most significant, the Soviets, capitalizing on their surrogates and their geographical proximity to the region, have exploited and created opportunities to further their interests to the detriment of those of the West.

Our General Approach

We are resolved to meet these threats. This means we and our Western allies will have to assist the local states so that they can contribute to regional stability and resist intimidation. We must be prepared to resist these challenges directly, if necessary, and we must convince both our friends and opponents that we are able and willing to do so.

We view the Middle East, including the Persian Gulf, as part of a larger politico-strategic theater – the region bounded by Turkey, Pakistan, and the Horn of Africa – and we view it as a strategic entity requiring comprehensive treatment to insure a favorable balance of power. It is our strong belief that improving the security of the region is intimately related to progress in the peace process between Israel and the Arab states. In fact, only when local states feel confident of U.S. reliability and secure against Soviet threats will they be willing to take the necessary risks for peace.

It is, thus, important to handle the Arab-Israeli question and other regional disputes in a strategic framework that recognizes and is responsive to the larger threat of Soviet expansionism. This endeavor will require clarifying the roles that we and our friends, both inside and outside the region, can and must play, as well as the contributions each of us are able to make to this mutual effort. U.S. strategy consists of several dimensions:

- Providing security assistance to regional states;
- Maintaining a military presence in the region;
- Building a reinforcement capability to deploy the necessary additional forces in a contingency;
- Encouraging a role for local states; and
- Gaining support from our European and Asian allies.

Let me address each of these dimensions in turn.

Security Assistance to Regional States. Since you have received our request for an additional $1 billion in security assistance above the last Administration's budget, you are well aware of the importance we attach to this dimension of our strategy. Much of what we will be asking regional states to do in our common interests will depend upon security assistance resources being available to equip their armed forces.

Maintaining a Military Presence in the Region. During the last years of the

Carter Administration, several important initiatives were undertaken in this area. They include:

- An augmented naval presence, which now consists of the 5-ship MIDEASTFOR [Middle East Force], two carrier battle groups, and regular deployments of a marine amphibious unit;
- Prepositioned equipment and supplies at Diego Garcia for a marine amphibious brigade;
- A program for periodic exercises; and
- Negotiated access agreements which allow us to make facilities improvements needed to support our enhanced presence.

In Oman, Kenya, and Somalia, we have reached agreement to use and improve certain air and naval facilities. In addition, Egypt has offered to permit U.S. access to certain of its facilities, and, in consultation with the United Kingdom, the United States is significantly expanding its facilities on Diego Garcia.

Certain improvements remain to be made to some of the facilities, and the Reagan Administration is committed to doing so. This will include improving runways, taxiways, and aprons; providing navigation aids and communications; improving refueling facilities; and securing or constructing storage space. For FY 1982, we have requested roughly $475 million to support our military construction program in Southwest Asia.

In addition to carrying through with what has already been initiated, we are reviewing options for greater access in the region, increased military construction, and a greater peacetime presence. In moving further to strengthen our military capabilities in the region, however, we will be sensitive to the political problems that a permanent presence would entail.

Reinforcement Capabilities. With regard to reinforcement capabilities, our peacetime presence in Southwest Asia can provide the basis for a rapid response in many contingencies. But whatever peacetime military presence we eventually attain, our ability to defend vital Western interests against a range of threats will continue to depend on the ability to augment rapidly our forces there. Specifically, we will be looking at ways to develop and improve on:

- Our deployable combat forces with training, equipment, and doctrine suited to likely contingencies;
- Support forces tailored for Southwest Asia;
- Mobility capabilities for both intertheater and intratheater movements;
- Overflight rights, as well as access to en route bases and facilities, in order to support airlift and sealift operations;
- Access to and improvement of regional airfields and ports in order to permit deployments in time of crisis;
- Prepositioning of stocks at regional facilities or on maritime prepositioning ships; and
- Secure land, air, and sea lines of communication by which to deploy and resupply our forces.

Clearly, then, we have multiple problems – all of which we are now addressing. But our principal goals are two: to improve strategic mobility and to provide adequate prepositioning and to provide the support and resupply necessary to sustain forces in Southwest Asia.

With regard to en route bases, facilities, and overflight rights, our ability to deploy forces rapidly to Southwest Asia would depend on en route facilities for refueling and to a lesser, but still important extent, on overflight rights. Some concrete, positive results have been achieved, but a much greater effort is needed if we are to approach our requirements.

The Role of Local States

It is self-evident that in coordination with the U.S. effort, local states have essential contributions to make to regional security. If they are to be able to resist aggression and intimidation, they must have confidence that they have reliable and capable friends in the West, ready to contribute to their stability with balanced security and development assistance, and ready to support them militarily in a crisis. In short, we must demonstrate that it pays to be an American friend.

Many of the states of the region can play key roles in helping us deter and counter Soviet pressures and threats. Some states, as I have noted, are already making significant contributions. We intend to initiate a frank dialogue with our regional friends to explore their thoughts on regional security, to understand the limitations on what they can do, to convince them that we are sensitive to their concerns, and to persuade them of the need to contribute to the common endeavor. As a part of this security dialogue, we will make known our view that present arms control proposals for the Indian Ocean area offer little prospect for enhancing security.

Allied Contributions

With regard to contributions our allies can make, it is important for us to realize that our Western allies share many of our interests and that we cannot – and should not – shoulder the entire responsibility for the area. We recognize that the threat to vital Western interests in the Persian Gulf region can be met only if all concerned share the burden and create a rational division of labor to make greater contributions in support of our common interests. Our allies' stake in the region is at least as great as our own, and we are asking them to contribute more to its security and stability. For obvious reasons, we are not seeking a formal NATO role. Rather, we have in mind individual but complementary efforts in the following areas:

- Increased defense efforts in Western Europe and Japan can improve U.S. flexibility to meet emergencies in Southwest Asia.
- Close political relations with nations throughout Southwest Asia would strengthen understanding of Western objectives in the region and of our common interest in resisting Soviet aggression.
- Security arrangements between our allies and countries in Southwest Asia can help our friends in that region strengthen their capability for self-defense.
- Many of our allies can increase their important economic support to friendly countries in Southwest Asia and in the eastern Mediterranean.
- Force deployments in Southwest Asia by some European states can be strengthened and coordinated with U.S. military activities in the region. In addition, allies with important facilities, both en route to and in the region, can ease U.S. deployments and planning by granting us access to these facilities as needed.

In conclusion, let me just say that the stakes are great, and the threats to regional stability and U.S. objectives are real and serious. We have not done enough to answer these threats. All of us, both within and without the region, must do more on behalf of our common security interests.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

observation and tracking of satellites and space vehicles. Effected by exchange of notes at Quito Dec. 4 and 16, 1980. Entered into force Dec. 16, 1980.

Egypt

Agreement concerning the "Egypt Today-Memphis" exhibit. Signed at Cairo Mar. 1, 1981. Entered into force Mar. 1, 1981.

Agreement for the establishment and operation of an OMEGA navigation system monitoring station. Signed at Alexandria June 14, 1980. Entered into force June 14, 1980.

France

Agreement relating to the employment of dependents of official government employees. Effected by exchange of letters at Paris Feb. 18, 1981. Enters into force on the first day of the first month following date of receipt of last notification that each party has completed the procedures required by its legislation to enforce the agreement.

German Democratic Republic

Agreement regarding the establishment of branch offices of the commercial sections of the embassies of the United States and the German Democratic Republic. Effected by exchange of notes at Washington Jan. 30, 1981. Entered into force Jan. 30, 1981.

Haiti

Agreement relating to privileges and immunities to the accorded Department of Defense personnel temporarily in Haiti for the purpose of survey and relief operations. Effected by exchange of notes at Port-au-Prince Aug. 19 and 21, 1980. Entered into force Aug. 21, 1980.

Agreement amending the agreement of Aug. 17, 1979, as amended (TIAS 9595, 9715), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Port-au-Prince Dec. 17, 1980, and Feb. 5, 1981. Entered into force Feb. 5, 1981.

Iran

Agreement of cooperation. Signed at Ankara Mar. 5, 1959. Entered into force Mar. 5, 1959. TIAS 4189.
Notification of termination: Nov. 19, 1979; effective Nov. 19, 1980.

Jamaica

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 8, 1977 (TIAS 8824). Signed at Kingston Feb. 6, 1981. Entered into force Feb. 6, 1981.

Japan

Agreement extending the Sept. 12, 1977 (TIAS 8734), joint determination and joint communique for reprocessing of special nuclear material of U.S. origin, with exchange of notes and related letter. Signed at Washington Feb. 24, 1981. Entered into force Feb. 24, 1981.

Kuwait

International express mail agreement with detailed regulations. Signed at Kuwait and Washington Feb. 28 and Mar. 11, 1981. Entered into force Mar. 11, 1981.

Lebanon

Investment incentive agreement. Effected by exchange of notes at Beirut Sept. 17, 1980, and Feb. 10, 1981. Entered into force Feb. 10, 1981.

Montserrat

Agreement relating to the establishment of a Peace Corps program in Montserrat. Effected by exchange of letters at Bridgetown and Plymouth Jan. 13 and Feb. 9, 1981. Entered into force Feb. 9, 1981. Supersedes agreement of April 3 and May 16, 1968 (TIAS 6493).

Mozambique

Agreement for sales of agricultural commodities, relating to the agreement of June 28, 1979 (TIAS 9635), with minutes of negotiation. Signed at Maputo Feb. 23, 1981. Entered into force Feb. 23, 1981.

Netherlands

Agreement relating to storage of prepositioned war readiness materials by U.S. forces. Effected by exchange of notes at The Hague Jan. 15, 1981. Entered into force Jan. 15, 1981.

Pakistan

Agreement relating to scientific and technical cooperation. Signed at Washington Mar. 2, 1981. Entered into force Mar. 2, 1981.

Peru

Agreement for sales of agricultural commodities, relating to the agreement of Apr. 26, 1978 (TIAS 9604), with memorandum of understanding. Signed at Lima Feb. 5, 1981. Entered into force Feb. 5, 1981.

Portugal

Agreement concerning fisheries off the coasts of the United States. Signed at Washington Oct. 16, 1980.
Entered into force: Mar. 4, 1981.

St. Kitts/Nevis

Agreement relating to the establishment of a Peace Corps program in St. Kitts/Nevis. Effected by exchange of letters at Bridgetown and Basseterre May 15, 1980, and Jan. 13, 1981. Entered into force Jan. 13, 1981. Supersedes agreement of Dec. 19, 1966, and Jan. 10, 1967 (TIAS 6209).

St. Lucia

Agreement relating to the establishment of a Peace Corps program in St. Lucia. Effected by exchange of letters at Bridgetown and Castries May 15 and July 8, 1980. Entered into force July 8, 1980. Supersedes agreements of Oct. 19 and Nov. 10, 1965 (TIAS 5902).

Senegal

Agreement regarding the establishment and operation of a space vehicle tracking and communication facility. Effected by exchange of notes at Dakar Jan. 30 and Feb. 5, 1981. Entered into force Feb. 5, 1981.

Singapore

Memorandum of understanding for the exchange of individual personnel between the U.S. Army Western Command and the Republic of Singapore Armed Forces. Signed at Singapore Jan. 5, 1981. Entered into force Jan. 5, 1981.

Sudan

Agreement amending the agreement for sales of agricultural commodities of Dec. 22, 1979. Effected by exchange of notes at Khartoum Feb. 14, 1981. Entered into force Feb. 14, 1981.

Thailand

Agreement amending the agreement of Oct. 4, 1978, as amended (TIAS 9215, 9462, 9717), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok Nov. 13 and 27, 1980. Terminated Jan. 1, 1981.

Turkey

Implementing agreement regarding the consolidation and rescheduling of certain debts owed to the Agency for International Development. Signed at Ankara Feb. 7, 1981. Entered into force Feb. 7, 1981.

Venezuela

Agreement in the field of energy research and development, with annex. Signed at Washington Mar. 6, 1980. Entered into force Mar. 6, 1980.

Agreement on agricultural cooperation. Signed at Caracas Apr. 10, 1980. Enters into force upon signature or upon the entry into force of the July 11, 1980, agreement for scientific and technological cooperation, whichever date is later.

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[1] Not in force.

[2] With reservation(s).

[3] Extended to the Bailiwick of Jersey, the Bailiwick of Guernsey, the Isle of Man, Belize, Bermuda, British Indian Ocean Territories, British Virgin Islands, Cayman Islands, Falkland Islands and Dependencies, Gibraltar, Hong Kong, Montserrat, Pitcairn, Henderson, Ducie and Oeno Islands, and Saint Helena and Dependencies.

[4] Not in force for the U.S.

[5] Subject to ratification.

[6] With statement.

[7] Applicable to Berlin (West). ■

March 1981

March 2

State Department announces that it is giving $25 million in military aid to El Salvador. Twenty more U.S. noncombat military advisers are to join the 25 advisers already there, in addition to 9 administrative and support personnel, bringing to 54 the total involved in the security assistance program.

Secretary Haig instructs U.S. Representative to the U.N. Law of the Sea Conference to seek to insure that negotiations do not end at the coming session (scheduled to resume Mar. 9) of the conference pending a U.S. Government policy review.

March 6

U.S. announces its decision to sell additional military equipment to Saudi Arabia as part of a policy to strenghten Western security interests in the Middle East and Persian Gulf.

By a vote of 114 to 0 with 22 abstentions (including U.S.), U.N. General Assembly adopts a resolution condemning South Africa for blocking a settlement in Namibia and urging trade sanctions against South Africa.

March 9

Tenth session of the Third U.N. Law of the Sea Conference resumes in New York, Mar. 9–Apr. 24.

Foreign Minister Hans-Deitrich Genscher of the Federal Republic of Germany makes official visit to Washington, D.C., Mar. 9–11.

March 10

President Reagan makes official visit to Canada, Mar. 10–11.

March 11

Effected by an exchange of notes at Canberra, U.S. and Australia agree to U.S. Air Force use of RAAF Base Darwin for B-52 aircraft staging operations for sea surveillance in the Indian Ocean area and for navigation training purposes.

March 13

Pending a complete review of U.S. bilateral relations with Mozambique, U.S. temporarily suspends food aid to that country.

March 15–18

During a private visit to the U.S., Argentine President-designate Viola meets in Washington, D.C., with the President and Vice President, Secretaries of State and Defense, Members of the Congress, and other U.S. officials, Mar. 16–17.

March 21

U.S., Egypt initial agreement for cooperation in the peaceful uses of nuclear energy which allows the U.S. to transfer to Egypt technology and equipment for a nuclear electric generating capacity of approximately 2,000 megawatts and the enriched uranium fuel used to support the capacity.

March 23

Japanese Foreign Minister Masayoshi Ito makes official visit to Washington, D.C., Mar. 23–24.

March 26

Following a National Security Council meeting, the White House issues a statement noting its growing concern that Polish authorities may be preparing to use force to settle continuing difficulties in that country and that the Soviet Union may intend to undertake repressive action in Poland and warns of the grave effect of such actions on the whole course of East-West relations. It also repeats U.S. readiness to assist Poland in its current economic and financial difficulties as long as the people and authorities continue to seek a peaceful resolution of their problems.

March 29

Prime Minister Eric Williams of Trinidad and Tobago dies.

March 30

Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van Der Klaauw of the Netherlands make an official visit to Washington, D.C., Mar. 30–Apr. 1.

President Reagan is wounded in an attempted assassination. Also wounded were the President's press secretary, James S. Brady; a Secret Serviceman, Timothy J. McCarthy; and a D.C. police officer, Thomas K. Delahanty. Twenty-five-year-old John W. Hinckley, Jr., is arrested and charged with the assassination attempt.

March 31

The Allied Special Consultative Group on long-range theater nuclear forces (LRTNF) meets in Brussels. U.S. delegation is headed by Ambassador Lawrence Eagleburger.

Turkish Foreign Minister Ilter Turkmen makes official visit to U.S. Mar. 31–Apr. 9, and to Washington, D.C., Mar. 31–Apr. 4.■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
55	3/3	Haig: remarks at EOB, Feb. 27.
*56	3/6	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, Mar. 25.
*57	3/6	U.S. Organization for the International Radio Consultative Committee (CCIR), study groups 10 and 11, Apr. 9.
*58	3/6	CCIR, study group 8, Apr. 2.
*59	3/6	CCIR, study group 2, Mar. 27.
*60	3/6	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on radio communications, Mar. 19.
*61	3/6	Advisory Committee on International Investment, Technology, and Development, working group on U.N./OECD investment undertakings, Mar. 30.
*62	3/11	Haig, Shamir: news conference, Feb. 24.
*63	3/11	Walter J. Stoessel, Jr. sworn in as Under Secretary for Political Affairs (biographic data).
*64	3/12	Haig, Genscher: remarks to the press, Mar. 9.
*65	3/13	Haig, MacGuigan: press briefing, Ottawa, Mar. 11.
66	3/17	Haig: interview on "MacNeil/Lehrer Report."
67	3/13	Haig: remarks at a breakfast meeting with media correspondents.
*68	3/18	Haig: statement before House Foreign Affairs Committee.
69	3/19	Haig: statement before Senate Foreign Relations Committee.
*70	3/20	U.S., Hong Kong amend textile agreement, Mar. 13.
71	3/24	Haig: statement before House Subcommittee on International Operations.
72	3/25	Haig, Ito: remarks following meeting with the President.
*73	3/26	Advisory Committee on International Intellectual Property, Apr. 21.
*74	3/26	CCITT, study group D, Apr. 10.
*75	3/26	Advisory Committee on Private International Law, Apr. 10.
*76	3/26	SCC, SOLAS, working group on radiocommunications, Apr. 16.
*77	3/26	SCC, SOLAS, panel on bulk cargoes, working group on subdivision and stability, Apr. 22.

FY 1982 Assistance Requests

by Raymond C. Ewing

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on March 23, 1981. Mr. Ewing is Deputy Assistant Secretary for European Affairs.[1]

I appreciate this opportunity to appear before the subcommittee in support of the European portions of the Administration's proposals for security assistance in FY 1982.

As Secretary Haig emphasized to the full committee on March 18, the Administration attached importance to security assistance as an integral component of our global defense posture and a key instrument of our foreign policy. In addition to our programs in other regions, we need to give urgent attention to the security requirement of our friends and allies in Europe. I would like to discuss each of our major programs in that area.

Spain

The FY 1982 security assistance program for Spain is crucial to our own security because of the access it gives us to important Spanish air and sea facilities. These bases are the cornerstone of Spain's defense relationship with the West and are Spain's primary link with the Atlantic defense system. Beyond this, our security assistance program is one of the most effective tools we have to show in a tangible way our support for Spain's young democracy. The assistance provided directly promotes the modernization and professionalization of Spain's Armed Forces. This is particularly important in helping to bring the Spanish Armed Forces closer to West European institutions.

Our security assistance program for the last 5 years has been governed by the 1976 Treaty of Friendship and Cooperation with Spain. The dollar amounts of security assistance that we have provided Spain under the treaty for each of the last 5 years are $120 million in foreign military sales (FMS) credits, $15 million in our military assistance program, $7 million in economic support funds (ESF), and $2 million in international military and education training (IMET). This treaty expires in September 1981, and we are in the process of negotiating a successor agreement with the Spanish. For FY 1982 we are requesting amounts similar to those under the treaty in order to maintain our continued access to the important Spanish facilities. These amounts, which we believe are the bare minimum necessary to maintain use of the facilities, are $150 million in FMS credits, $7 million in ESF, and $2.2 million in IMET.

The only major change from last year is the increase in FMS credits from $120 million to $150 million. This is to help compensate for the total elimination of our military assistance programs, which were phased out after FY 1981.

Portugal

The United States is encouraged by the degree to which stable and democratic government in Portugal has developed. Portugal has successfully made the difficult and delicate transition from an authoritarian state to one in which fundamental political liberties are respected. Prime Minister Pinto Balsemao leads an administration with a firm parliamentary majority.

Portugal is an important NATO ally. It shares our commitment to strengthening Western security, particularly through NATO, and has made available the strategically located airfield at Lajes in the Azores for this purpose. Both the governing coalition and the Socialist-led democratic opposition agree that Portugal should participate as much as possible in NATO activities. However, Portuguese economic resources are inadequate to support the modernization necessary to render such participation meaningful.

Portugal, therefore, looks to the United States and other NATO allies for security assistance. Providing such aid facilitates cooperation with a valued and reliable ally and reassures the Government of Portugal of our commitment to a substantive role for Portugal in NATO.

For FY 1982, we are proposing $20 million in grant ESF; $60 million in FMS credits, of which $50 million would be at concessional interest rates; and $2.2 million in IMET. This program will help meet basic needs in all three service branches and continue to aid the economically depressed region of the Azores.

Cyprus

There have been positive developments in the efforts to achieve a solution of the Cyprus problem. In August 1980, intercommunal talks between the Greek-Cypriots and the Turkish-Cypriots resumed under the auspices of the United Nations. Both sides have maintained a congenial negotiating atmosphere and have continued a serious dialogue on the specific issues.

We remain convinced that only through direct face-to-face negotiations can a fair and lasting solution be achieved. We continue to support strongly the ongoing intercommunal talks between the two parties.

The Administration is requesting $7.5 million in ESF for Cyprus in FY 1982. These funds would be available to both Greek and Turkish Cypriots to be used mainly for the relief and rehabilitation of displaced persons. Since 1974, the United States has contributed $117 million through the intermediary of the U.N. High Commissioner for Refugees.

We believe that U.S. assistance to Cyprus represents an important and tangible indication of U.S. interest in Cyprus and our strong commitment to promoting a resolution of the problems which for years have dominated this strife-torn island.

Greece

On October 20, 1980, Greece's military forces were reintegrated into NATO, closing a gap in NATO's southern flank which dated from 1974. This important action should facilitate progress toward an improvement in relations between Greece and Turkey.

On January 1, 1981, Greece became the 10th member of the European Communities. This broadening and deepening of Greece's ties with Europe should lead to a steady modernization of the Greek economy.

On January 27, 1981, we entered into active negotiations on a new defense and economic cooperation agreement with Greece. The negotiations are proceeding, and we expect that an effective and mutually satisfactory agreement will result.

Our proposed program for Greece in FY 1982 reflects an awareness of the valuable role Greece plays in NATO, particularly at this period of critical developments in regions bordering on the eastern Mediterranean. The program is also designed to help provide for Greece's self-defense and recognizes that Greece is a key ally with a strong democratic tradition.

Accordingly, we have requested $260 million in FMS credits to enable Greece to obtain spare parts and continue its force modernization process. We have also requested $1.9 million in IMET to allow Greek military personnel to obtain advanced training.

Turkey

Faced with spiraling political violence and a growing paralysis of civilian authority, Turkey's military leaders took over the government on September 12, 1980. Bolstered by a remarkable degree of support from Turkey's body politic, these military leaders are vigorously working to overcome political violence and restore domestic peace. They have repeatedly pledged the restoration of representative government in a form designed to overcome the difficulties that led to the takeover. Like its predecessors, the current Turkish Government is strongly committed to NATO and remains a staunch friend of the United States.

On March 29, 1980, the United States and Turkey signed a defense and economic cooperation agreement which is now being implemented smoothly. This new agreement contains no specific U.S. assistance pledge but rather a best-efforts commitment that we shall seek to help meet Turkish needs in the security and economic fields.

Turkey's most urgent problem is its difficult economic situation. Since 1979, the United States has been working with other nations and international institutions to help Turkey stabilize its economy. This effort has involved financial support needed by Turkey to introduce badly needed reforms. A comprehensive economic reform program was introduced in January 1980, and we were pleased by the continuity given to this effort by Turkey's current government. Other nations share our recognition of the importance of a strong and stable Turkey and have joined us in providing economic assistance. In 1980, 16 nations took part in the Organization for Economic Cooperation and Development (OECD) consortium which pledged economic aid to Turkey.

Our FY 1982 request addresses these challenges. We propose a total military assistance program of $403.5 million, of which $400 million is FMS financing and $3.5 million is IMET. We also seek $300 million in ESF as part of a major multilateral effort under the aegis of the OECD, designed to restore Turkey's economic health.

Of the $400 million FMS, $250 million would be direct credit. The FMS funds will enable Turkey to begin to modernize some of its weapons systems and to acquire spares and support equipment for systems already in its inventory.

Considering the complexity and magnitude of the economic challenge Turkey is facing, our proposed $300 million ESF program is relatively modest.

In formulating our security assistance proposals for Greece and Turkey, we have been guided by the statement of principles contained in section 620C(b) of the Foreign Assistance Act of 1961. The formal certification to this effect, required by section 620C(d) of that act, will be contained in the formal letter transmitting the Administration's foreign assistance legislative proposals for FY 1982.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Northern Ireland

PRESIDENT'S STATEMENT, MAR. 17, 1981[1]

St. Patrick's Day is not only the feast day of a great man of God, it is a symbol of the commitment of the Irish people to freedom, to justice, and to the value upon which Western civilization is built.

We in the United States know the great contribution made by citizens of Irish ancestry. From our Revolution to the present day, Irish-Americans have been at the forefront of the defense of freedom. By their labor and by their sacrifices, they have been a major force in building our nation.

It is, therefore, gratifying on this St. Patrick's Day to be able to pay tribute to the great role Ireland and the Irish have played in defending and renewing the values we cherish.

But we are also conscious of the violence, bloodshed, and despair which now haunt all of the people of Northern Ireland. This tragedy cannot go unnoticed by the United States, which owes so much and has such close ties to the Irish.

As an American proud of his Irish ancestry and as President, I recognize the vital importance to our nation and the Western alliance of a peaceful, just, and swift solution to current problems in Northern Ireland.

The United States will continue to urge the parties to come together for a just and peaceful solution. I pray and hope that the day will come when the tragedy of history which now afflicts Northern Ireland will be overcome by faith, the courage, and the love of freedom and justice of the Irish.

We will continue to condemn all acts of terrorism and violence, for these cannot solve Northern Ireland's problems. I call on all Americans to question closely any appeal for financial or other aid from groups involved in this conflict to insure that contributions do not end up in the hands of those who perpetuate violence, either directly or indirectly.

I add my personal prayers and the good offices of the United States to those Irish – and, indeed, to all world citizens – who wish fervently for peace and victory over those who sow fear and terror.

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[1] Text from Weekly Compilation of Presidential Documents of Mar. 23, 1981. ■

AID programs in Thailand and Indonesia, the regional annual population growth rate is still above 2% and in some Asian countries is 3%. We expect our continuing family planning assistance to the major countries of the region and substantially expanded programs in Bangladesh to help bring about a significant decline in regional population growth.

Latin America and the Caribbean. The link between the need for accelerated socioeconomic development and U.S. security is most clearly demonstrated in the Latin American/Caribbean region. AID requests a $265.3 million development assistance program in Latin America, concentrated in the Central American and Caribbean region, an area where socioeconomic problems are serious and where the United States has vital economic and security interests.

Unemployment and underemployment remain critical problems in Latin America. This reflects slow economic growth in the region's low-income countries, continuing sharp disparities between modern and traditional sectors within countries, and population growth, although declining, still almost 2½% a year. Problems of resource depletion – soil, firewood, and others – are reaching very serious proportions in some countries; the cost of imported petroleum is strangling development efforts and making it difficult for many smaller countries even to maintain existing programs. Our programs serve as catalyst and risk taker, attracting complementary public and private resources in support of innovative programs benefiting the poor.

Cooperatives and credit unions as well as joint private investment ventures with Latin American small enterprise and the use of the economic support fund to support private enterprise in the Caribbean are features of this broad-based AID program.

Importance of Program

The $1.9 billion we are seeking for the development assistance program is nearly one-half billion less than was proposed in the Carter budget. This cut does not represent a reduction in need for funding of agriculture, health, population, and other programs around the world. Rather it represents the outcome of a difficult set of choices in which this Administration has had to give very high priority to reaching an appropriate balance between income and expenditures, a process in which every budget had to be scrutinized and virtually every program had to be restrained no matter how sound the objectives.

As we reviewed the Carter budget, I came to realize how central our development assistance program is to America's relations with countries around the world. Indeed, for many countries the development assistance program is our primary expression of participation in what for them is most important – their rapid economic and social development. Thus, this program serves not only our generalized interests in helping to solve some of the world's most critical problems but also our very immediate political interests in achieving a satisfactory relationship with countries important to us on the three major continents where the program is carried out.

This is a worldwide program, focused on a critical set of development issues – food, population, health, education, and energy. It serves our foreign policy interests well and will leave a lasting impact on vast numbers of poor people. I urge your strong support for this lean and effective AID program.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

MIDDLE EAST

FY 1982 Assistance Requests

Following are statements by Deputy Assistant Secretaries for Near Eastern and South Asian Affairs Morris Draper and Joseph W. Twinam before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee.[1]

MR. DRAPER, MAR. 12, 1981

I welcome the opportunity to be here today to testify in support of the Administration's proposals for economic and security assistance to Jordan and Lebanon.

These two countries border Israel. A comprehensive settlement of the Arab-Israeli conflict will not be possible without their active involvement and cooperation. In both countries, there are substantial numbers of Palestinians. The future of the countries will be affected by the way the Palestinian problem – including its political and refugee dimensions, among others – is handled in the process of achieving a just and lasting end to the Arab-Israeli conflict. We thus have a strong interest in the directions the policies of these two countries will take over the period ahead.

While our assistance programs have specific objectives tailored to each country's needs, they fit within the broad regional strategy which the Administration intends to develop and carry out. These two countries – Jordan and Lebanon – have historically been close to the United States. They have depended on our support in the past while facing challenges and crises. In the future, both countries will have to cope with potentially threatening and destabilizing trends in the region. They will expect us to be helpful and cooperative. Our assistance programs there – while fitting within our broad strategy – are intended to nurture basic relationships of mutual trust and confidence and to assist the governments in carrying out their responsible national priorities. In the process, we believe we will be reinforcing the hopes of these governments to be able to promote peace and stability – internally and in the international arena – with confidence.

Jordan

For Jordan in FY 1982, we are proposing $50 million in foreign military sales (FMS) credits, $20 million in economic support funds (ESF), and $2 million for the international military and education training (IMET) program. Except for military training, which has been increased, the levels of assistance for the country will be significantly lower than the programs for much of the decade of the 1970s. Our determination took into account the improving Jordan economy and the flow of other external assistance. The lower levels also reflect the constraints involved in our own domestic economic reform program. The programs, however, remain consistent with our goals of building a relationship with Jordan which will endure through ups and downs and will provide a good basis for further cooperation as we pursue our interests and Jordan strengthens its national independence.

Jordan – its progressive leadership, its continued economic and social development, its stability, and its ability to defend itself and to make independent decisions of its own despite pressures and influence exerted by others—is important to American foreign policy goals. It is important that Jordan remain committed to a policy of preserving peace along the border with Israel. It is important that Jordan continue its constructive policy—directly helpful to greater U.S. interests—of providing training, guidance, and seconded military and security personnel to key countries in the gulf region. This reinforces inclinations there to look to the United States and the West for equipment, military orientation, and guidance.

The substantially increased IMET program for Jordan will enroll perhaps 175 officers in U.S. military courses, which will include key members of the Jordanian instructor cadre.

While Jordan has expanded resources and external funding from which to draw, our FMS credit program of $50 million remains significant. Jordan may be facing the prospect of further challenges and confrontations with the regime in Damascus. Late last year, the Syrians massed significant military forces on Jordan's northern border in what was viewed widely as an effort at intimidation. Relations between the two countries currently are cold, and their disagreements have been highlighted in the media of both countries. A small country, with only limited manpower, Jordan has tried to develop—with our assistance and guidance—a reasonable deterrent against its far stronger potential adversaries in the region. Our assistance program fits sensibly within this basic goal, without trying to go beyond it.

As for economic assistance, we should recall that our help to Jordan over the years—generating significant economic and social advancement—has been a major success. At the beginning of our close association, we, together, faced what were considered almost insurmountable economic problems. We are pleased with the accomplishments so far. Jordan is healthy and has a promising future. Jordan will, however, remain dependent on outside help for several years yet. And we believe we should play a continuing role.

Our economic programs will be concentrated on the Jordan Valley irrigation project and on programs dealing with health, potable water, agriculture, and sewage. We have been deeply disappointed that it has not been possible to resolve the riparian issues that would permit the construction of the Maqarin Dam. We will not seek new funds from the Congress until improved political conditions in the region permit a new approach. Nevertheless, it is a tragedy that one of the scarcest national resources in the Middle East—water for ordinary drinking purposes as well as agriculture—still has not been adequately harnessed and controlled in the area of the Yarmouk River basin where the Maqarin Dam might some day be built. In the absence of the Maqarin Dam, we will continue to examine, however, ways in which we could be helpful to Jordan on many broad questions of water management and use.

Lebanon

For Lebanon we are proposing for FY 1982, $15 million in FMS credits, $5 million in ESF, and $840,000 for expanded training of Lebanese military officers.

Our fundamental policies toward this pivotal country remain the same. We firmly support Lebanon's independence, territorial integrity, and sovereignty. We consider it important that its unity and cohesion be preserved and strengthened. We have made clear our hope that the day will soon come when a genuine political consensus and national reconciliation can be achieved. In the meantime, we would like to see the strengthening of the authority of Lebanon's lawful and legitimate government structure and all of Lebanon's national institutions. This includes the rebuilding national army, which offers the only promising means of assuring security eventually to all of Lebanon's citizens.

Tied as our two countries have been by common traditions, blood and family connections, and a historically warm friendship, we must maintain our humanitarian concern for those innocent people who have been victimized by the violence, terrorism, and warfare in many parts of Lebanon since 1975. We have tried to use our influence—in combination with our assistance programs—to make progress toward improved stability and an end to the violence. While facing formidable problems, Lebanese leaders have been trying hard also to end the suffering and violence. In this connection, we have been impressed with the efforts by President Sarkis—at the recent Islamic summit in Taif—to stop southern Lebanon from being used as a battleground with Israel. The United States will continue its firm support for the U.N. peacekeeping forces in southern Lebanon, which offer the only realistic near-term means of containing the dangers there and working for stability.

The military assistance programs are continuations of those we began in 1976. Our IMET program will be expanded. This will permit the enrollment of military officers, and particularly junior officers, in courses at the three U.S. service staff colleges, as well as in basic and advance officer courses elsewhere. Our FMS credit assistance will help Lebanon to continue the reorganization and equipping of an additional brigade. Equipment will be similar to that purchased earlier with FMS credits to help rebuild Lebanon's mechanized light infantry formations.

Lebanon has made good use of the equipment and training it has received from the United States in recent years. The army has been able to take over some security responsibilities from the Arab deterrent forces, and we hope that added responsibilities can be undertaken stage-by-stage.

Overall economic conditions have improved slowly since the end of the civil conflict in 1976, but the progress has been spotty and uneven. Tense conditions in the country discourage investment and rational economic planning. Our relatively modest economic assistance programs have worked well and have been highly visible. In FY 1982 we intend to continue programs of support for health education, vocational training, cooperatives, housing, as well as for development planning.

To sum up, we have continued to look at Lebanon from both the policy and human perspectives. A stable, prosperous, and independent Lebanon—playing its traditonal role as a wellspring of moderation, teaching, free enterprise, intellectual thought, and tolerance—would contribute to creating the kind of Middle East we want.

MR. TWINAM, MAR. 12, 1981

In the past year, U.S. concern over security in Southwest Asia has heightened. To respond to Soviet pressures, as well as potentially destabilizing regional tensions, the Administration seeks to eradication efforts if deemed feasible, and operational support efforts.

Narcotics Demand Reduction

In FY 1982, we are requesting $2.1 million to support programs designed to reduce demand for illicit drugs in countries which are involved in the production or transit of drugs destined for the United States. This effort has a direct effect on our production control and interdiction programs.

We have found that the existence of a demand reduction program enhances the awareness of local public leaders to the potential or actual threat drug abuse poses to the host society. This, in turn, strengthens the government's commitment to the production and trafficking control programs which we emphasize. We have also found, particularly in producing countries, that stable populations of illicit drug consumers provide an additional economic incentive to illicit producers. These addicts are a ready local market for relatively unrefined drugs, like opium gum, and serve as a hedge against fluctuations of the international drug market.

Finally, large numbers of chronic consumers of illicit drugs may destabilize societies friendly to the United States by reducing the availability of effective manpower in the workplace; supporting corruption, criminal trafficking elements, and other drug-related crime; and exacerbating other economic and social problems. Malaysia, for example, has identified the illicit drug problem as a major security problem.

Much of our effort in Europe is tied in some way to pump-priming – increasing European awareness of the scope of the problem, sensitizing them to the threat posed by the definite spillover threat on U.S. and other NATO forces, and stimulating European Community support for international narcotic control programs in production areas. The Department has encouraged a collaborative effort with the Federal Republic of Germany (F.R.G.) – known as the central working group – in which [the U.S. Departments of] State and Defense, as well as the DEA work with several German agencies to increase the effectiveness of domestic drug enforcement and treatment programs, as well as programs which affect the U.S. military forces stationed in the F.R.G. We have also provided limited technical assistance to the Government of Italy and have consulted with representatives of other European governments, and we work closely with the Vatican, which has identified drug abuse as one of the major problems confronting the family.

International Narcotics Control Training

Our funded training activities are aimed primarily at improving the enforcement capability of foreign narcotics officials and are designed to increase professional cooperation between U.S. enforcement authorities and those of other countries.

Most of the training is carried out by the DEA and the U.S. Customs Service in time-tested courses and in special programs designed to meet specific requirements. Both agencies conduct advanced courses for high-level foreign officials in their U.S. training centers, while training for line officials is generally offered abroad in special in-country programs. Beginning in FY 1982, DEA will conduct its advanced international narcotics-control training at the Federal Law Enforcement Training Center at Glynco, Georgia.

DEA and Customs also provide courses to improve domestic training capabilities of responsible agencies in the cooperating nations. During FY 1980, DEA and Customs provided training to over 1,100 foreign participants in courses overseas and in the United States. Both DEA and Customs evaluate their portions of the training program. The overall training program was evaluated by a contractor on behalf of the White House Domestic Policy Staff in 1980.

Our funded training also includes the executive observation program, through which senior foreign government officials involved in narcotics-control activities visit this country. Besides exposing these key visitors to U.S. agencies and procedures, this program develops personal ties of communication and cooperation between U.S. and foreign government officials. During FY 1980, we funded the visits of 13 senior government officials from 8 countries.

U.N. Fund for Drug Abuse Control

So far I have spoken mainly of our bilateral narcotics control efforts, but we also work through various multilateral agencies and contribute to the U.N. Fund for Drug Abuse Control (UNFDAC). I would like to cite here an important recent development by which the U.N. drug control system will assist us in reducing a major form of drug abuse in the United States.

One of the most popular illicit pharmaceuticals here is methaqualone, first marketed under the trade name Quaalude. Hospital emergency rooms mentions of methaqualone during the first three-quarters of 1980 totaled 3,374, up almost 100% from the same period in 1979. Although most of the illicit methaqualone has been smuggled from clandestine laboratories in Colombia, it appears that in the near future Colombia may no longer be a major supplier. For some time, we have urged the Colombian Government to ratify the U.N.'s Psychotropic Substances Convention of 1971 – the international agreement under which the shipment of licit raw materials for methaqualone, which is later diverted to illicit production, can be controlled. The convention has serious implications for domestic pharmaceutical industries which makes ratification a sensitive economic issue.

As you know, the U.S. Senate did not ratify the convention until last year. The Colombian legislature did so in September 1980, and President [Julio Cesar Turbay Ayala] Turbay signed the ratification agreement on January 13, 1981. Colombia can now notify the U.N.'s Commission on Narcotic Drugs that licit imports of the raw materials for methaqualone are prohibited. Exporting countries, in this case the F.R.G. and Switzerland, are then obliged to halt shipments to Colombia and, in doing so, cut off supplies now diverted to the clandestine laboratories which supply the U.S. market.

The U.N.'s own program activities to control illicit drugs are funded through UNFDAC. Since its establishment in 1971, UNFDAC has helped to emphasize the fact that the problems of drug abuse know no national boundaries and, therefore, require worldwide cooperation. UNFDAC has also been able to work with countries whose cooperation is vital to U.S. narcotics-control interests but where political circumstances inhibit U.S. bilateral assistance.

We plan to contribute up to $3 million to the fund in FY 1982. The 1982 program will support crop substitution projects in countries producing the great majority of illegal opium, notably Burma, Thailand, Laos, and Pakistan.

With the support of Congress, we intend to pursue our efforts to suppress illicit narcotics production and trafficking as far from our borders as possible.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1982 and FY 1983 Requests for Migration and Refugee Assistance

by W. R. Smyser

Statement before the Senate Foreign Relations Committee on March 27, 1981. Mr. Smyser is Acting Director of the Bureau for Refugee Programs.[1]

The U.S. response to the worldwide refugee problem can be divided into two major components – refugee relief and refugee resettlement. Our basic policy is to emphasize assistance to refugees overseas until they can either be voluntarily repatriated to their country of origin or resettled in place. Resettlement in the United States, or to another third country, is a solution of last resort for a very limited number of refugees.

Refugee Resettlement

For the purpose of admitting refugees to the United States, the Department is seeking $294 million in FY 1982 authorization, which is an increase of $18 million above the level available under the terms of the FY 1981 continuing resolution. These funds will finance the admission of 187,000 refugees to the United States, if the President confirms those admission levels following consultation with the Congress in September in accordance with the Refugee Act of 1980. The current proposed FY 1982 admissions level includes 144,000 Indochinese refugees and 43,000 refugees from other parts of the world. This proposed level for FY 1982 is 30,000 below the level authorized for this fiscal year and nearly 45,000 below the FY 1980 consultations level.

The anomaly of having decreased admissions, at a time when nearly $19 million in additional financial authorization is being requested, is explained by higher fuel costs for transporting refugees to this country, along with the full implementation of the Refugee Act of 1980, which requires more equitable treatment of refugees selected for admission to the United States.

Overseas Refugee Relief Programs

The most significant policy and financial changes in the FY 1982 refugee program are presented in the overseas refugee relief programs. The funds sought for these activities are generally contributed to international organizations such as the U.N. High Commissioner for Refugees (UNHCR) or the International Committee of the Red Cross (ICRC). As the Congress requested, the executive branch planned to consolidate funding for all refugee-related accounts within the migration and refugee assistance appropriation effective with the beginning of FY 1981.

The delay in the enactment of the Foreign Assistance and Related Programs Appropriation Act, however, has made it very likely that this consolidation of accounts will be postponed until FY 1982. The effect of this consolidation will be to transfer $66 million in requirements from other accounts within the Foreign Assistance and Related Programs Appropriation Act to the migration and refugee assistance appropriation account. Included in this transfer is $52 million for the U.N. Relief and Works Agency (UNRWA) and $14.25 million for programs authorized in accordance with the authorities of section 495F of the Foreign Assistance Act.

Southeast Asia. For overseas refugee relief in Southeast Asia, we are requesting $60 million, a reduction of $31 million from the amount available under the terms of the FY 1981 continuing resolution. These funds will provide care and maintenance for Indochinese refugees in the nations of first asylum, the cash portion of the U.S. contribution to the Khmer relief program, and also provide English-language and cultural orientation training to employable heads of households selected for resettlement in the United States.

Middle East. In keeping with our commitment to the principle of freedom of emigration for Soviet and Eastern European Jewish refugees, the Department is requesting $12.5 million to help defray the cost of refugee resettlement and assistance in Israel. These funds will be contributed to the United Israel Appeal for immediate and long-term assistance in Israel to the thousands of Jewish refugees who have been allowed to leave the Soviet Union and Eastern European nations over the past several years.

Africa. To deal with the critical needs of refugees in Africa, the Department is seeking $77 million in FY 1982 authorization. While this is an increase of $41.3 million over the amount available under the terms of the continuing resolution, $14.25 million of this increase reflects the effect of the consolidation in this account of activities previously appropriated to the Agency for International Development (AID). Of the total request for assistance in Africa, $65 million will be contributed to international organizations involved in the provision of relief in that continent, and the balance of $12 million will be utilized for a variety of emergency and bilateral activities, similar to those previously funded by AID under the authorities of section 495F of the Foreign Assistance Act.

Near East. For refugee relief in the Near East, the Department is requesting $92 million, an increase of $88,370,000 above the level available under the continuing resolution. This increase includes $52 million resulting from the transfer to this account of financing for the U.S. Government contribution to UNRWA, which provides essential assistance to Palestinian refugees. The balance of the request includes $24.15 million for assistance through international organizations to the 2 million Afghan refugees expected to be in Pakistan in FY 1982, a $15 million adjustment for UNRWA to incorporate the effects of reprograming actions in past years and enhanced financial support for that organization, and a contribution of $1 million to the overall Near East program of the UNHCR.

Latin America. Another component of our overall relief program provides assistance to refugees in Latin America. Our request for this activity is $1 million, a decrease of $220,000 below the continuing resolution level due to certain nonrecurring costs.

The $6.95 million which we are seeking for contributions to international organizations and resettlement assistance activities includes requests of $4.45 million as the U.S. contribution to the Intergovernmental Committee for Migration (ICM), which was previously called the Intergovernmental Committee for European Migration, and $1.5 million as a general contribution to the ICRC. The increases of $330,000 in our proposed contribution to ICM and $500,000 for the ICRC, signify our continuing support for these organizations.

FY 1982 Assistance Requests

by Jane A. Coon

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 23, 1981. Ms. Coon is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.[1]

I appreciate this opportunity to testify on the Administration's proposed assistance programs in South Asia for FY 1982. It is important to put our programs in the context of this Administration's broad foreign policy objectives in the region.

The invasion of Afghanistan, the turmoil in Iran, and the increasing Soviet presence in the Indian Ocean have had profound implications for our relations with the countries of South Asia. These developments have greatly enhanced the importance we attach to the area. We recognize it as the eastern flank of a region in which vital interests of the United States are at stake.

If these dramatic political and strategic changes have heightened our interest in South Asia, they also pose new and difficult changes to the achievement of our foreign policy objectives there. They have prompted this Administration to undertake an urgent review of U.S. regional policies. In this review, we are giving careful attention to the role our assistance programs can play in meeting these challenges.

Let me outline for you the foreign policy objectives we wish to achieve in this populous region.

- We seek a South Asia of secure, independent, stable states which live at peace with one another.
- We want a region capable of resisting aggression and subversion from outside.
- We want a prospering South Asia whose governments can act effectively to develop their national economies and improve the lot of their peoples.
- We seek to contain the proliferation of nuclear weapons and the potential to develop them in the region.
- We seek friendly and constructive ties with all the countries of the region, fostered by mutual trust and recognition that the United States is a steadfast and reliable partner.

In planning assistance programs for an area this large and this diverse, we have a mix of political, developmental, and humanitarian objectives. These are both complementary and mutually reinforcing. We recognize, for example, that the political stability of these countries – a prime U.S. foreign policy objective in the region – depends on steady economic development, a goal to which we can make a valuable contribution. As the Secretary noted in his testimony last week, serious economic dislocations ". . . create conditions for violent disruptions, with dangerous political consequences." I submit that we also have an abiding American concern for those so much less fortunate than we are. The Secretary said that ". . . the United States will not forsake its traditional assistance to the needy of this world – the sick, the desperate refugee." As you well know, the poor and populous South Asian Subcontinent has all too many in these categories.

Our overall approach in planning our assistance has been to devise a set of lean programs which best meet this mix of interests in South Asia at a time of budgetary constraints. This has not been an easy task. It has required a careful balancing of claims on scarce resources and a series of adjustments determined both by our broader interests and, quite frankly, by deferring ongoing and upcoming programs in individual countries. In some cases, this has meant scaling down from the higher levels proposed by the previous Administration. This may lead to disappointment on the part of the countries in the area. But we hope they will recognize that their interests will be better served by an economically strong and resilient United States which this Administration's budgetary policies are designed to achieve.

Working within these limits, we have developed programs for the South Asian countries which in total funding will be roughly equivalent in real terms to actual aid levels in 1981. I want to focus on how we see the programs in terms of our foreign policy objectives in each of the regional countries.

Pakistan

We are deeply concerned over Pakistan's security; Pakistan is now a "front-line" state facing 85,000 Soviet soldiers across its borders in Afghanistan. Pakistan's strategic location, at the eastern flank of the Persian Gulf, makes it very important that we and our allies undertake a major effort to help Pakistan resist Soviet pressures and to become stronger and more self-confident. We are currently involved in an extensive review of our relations with Pakistan, but no final decisions have yet been made. I can assure you that we will be consulting closely with the Congress as we move forward with our consideration of this matter.

In the current budget request, assistance to this key country is confined to $50 million PL 480 and to assistance for the 1.7 million Afghan refugees who have sought refuge in Pakistan.

India

We propose a development assistance program in India of $110 million, a PL 480 title II program of $148 million, and international military and education training (IMET) funding of $500,000. Our development assistance is targeted on increasing food production, rural employment, and improving health and family planning programs. Our title II program is primarily humanitarian in purpose.

Reinstituted at congressional initiative in 1978, our bilateral assistance to India is small in comparison with Indian development needs and the funding it receives from international financial institutions in which the United States participates. Nonetheless, this program is a useful asset in our efforts to develop a constructive relationship with India.

We believe it important to demonstrate to this large and powerful nation – the world's largest democracy – that despite differences in some regional and global policies and perceptions, we wish to maintain mutually beneficial bilateral relations. The strength of such a relationship can help ameliorate the impact of these differences on U.S. interests in the region. The figure for development assistance we have proposed is comparable to previous levels and represents a reasonable compromise between India's needs, our desire to be responsive to some of these needs, and our resource constraints.

Bangladesh

We are requesting a development assistance program for Bangladesh of $90.4 million, PL 480 programs of $102.7 million, and IMET funding of $225,000. Our economic assistance concentrates on food production, controlling population growth, and generating rural employment.

The recommended funding for development assistance is comparable to actual outlays in recent years. It is the bare minimum needed to continue effective support for that country as it tries to build a viable political and economic system. The recommended PL 480 funding is substantially increased over that provided in FY 81, a year of unusually good harvests.

We will be reviewing the situation to be sure that these projected levels are needed. Bangladesh is a moderate and increasingly influential Islamic nation. We take satisfaction in Bangladesh's achievement of a large measure of stability. Our assistance programs have helped encourage Bangladesh to turn toward more pragmatic economic policies. The government's increasing reliance on more efficient private sector distribution of inputs, such as fertilizer and irrigation, has contributed to the most successful series of harvest Bangladesh has ever enjoyed. The development of a more stable Bangladesh takes on greater significance when we recognize, as past events have shown, that instability there can arouse passions which the Soviet Union can be expected to exploit.

Sri Lanka

In FY 1982 we are proposing $51 million in development assistance, $27.2 million for PL 480 programs, $25 million for public housing investment guarantees, and $100,000 for IMET. Development assistance is concentrated on the Mahaweli irrigation project, with smaller sums going for health, education, and environmental protection projects.

Sri Lanka is an important and moderate member of the nonaligned community, and we have excellent relations. We appreciate the recent agreement it negotiated with us permitting the expansion of Voice of America facilities. We welcome its willingness to receive foreign naval vessels in its ports. Sri Lanka's commitment to the democratic process and to a pragmatic program of economic development – which includes a burgeoning foreign investment sector – serves as a useful model for other developing nations. We propose to maintain our assistance at levels roughly comparable to actual outlays in 1981. In providing it we help assure that Sri Lanka is able to perpetuate its cherished democratic traditions in an atmosphere of political and economic stability.

Nepal

We are requesting a development assistance for Nepal of $16.1 million, PL 480 progams of $2.1 million, and IMET funding of $75,000. Our development assistance focuses on three 5-year "core projects" – in rural development, resource conservation, and health and family planning.

We value our good relations with this moderate, nonaligned country whose recent decision to return its contingent to the U.N. peacekeeping mission in Lebanon is the latest example of its responsible international role. The support represented by our assistance levels is particularly important today. Nepal has embarked upon a difficult transition toward more democratic and effective government amid increasingly serious economic challenges. Our assistance contributes to Nepal's development efforts and to the sense of confidence its leaders need as they approach this transition. Nepal's orderly progress is important to our objective of regional stability. If it falters and major disturbances occur, this could have serious consequences for the broader South Asian area.

WESTERN HEMISPHERE

FY 1982 Assistance Requests

by John A. Bushnell

Statement before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on March 23, 1981. Mr. Bushnell is Acting Assistant Secretary for Inter-American Affairs.[1]

I welcome this opportunity to appear before you and your colleagues to discuss our proposed bilateral foreign assistance for Latin America and the Caribbean. Our requests for bilateral assistance activities in Latin America for fiscal year 1982 total $478 million are as follows:

- $265 million of development assistance;
- $120 million of economic support funds (ESF);
- $81.5 million in foreign military sales credits (FMS); and
- $11.1 million for the international military education and training program (IMET).

In a separate authorization there is about $150 million in PL 480 food assistance for Latin America.

Four aspects of this request are worthy of particular notice.

First, it is carefully targeted by country and program to contribute directly to U.S. interests. It is not an assistance program to meet needs throughout Latin America, although development problems are urgent in almost every country in the region. We have proposed no assistance, except IMET training, to the larger countries in the area whose economies have sustained relatively good growth rates without continuing significant bilateral assistance. Absence from the budget does not mean these countries are not important to us. Not only do they have a major impact on U.S. interests bilaterally, but they now play a major role as full partners with us in helping the smaller Latin American countries deal with their problems. Despite the increasing number of ways that our national interests require cooperation with our neighbors, our proposed assistance programs are but 7% of the Administration's worldwide foreign assistance request.

Second, the increase – 22% over our requests for the current fiscal year – is concentrated in two categories: quick-disbursing ESF monies to help meet critical immediate needs in Central America and the Caribbean and modest security assistance mainly to the same countries.

Third, the FMS portion of our proposal includes a critical improvement: $31 million of the $81.5 million in proposed FMS credits are in the form of direct credits at concessionary rates for countries in whose security we have a manifest interest, yet whose weak economies and severe financial constraints prevent them from taking advantage of credits on standard terms.

Fourth, this budget may prove to depend for its full effectiveness on a request not earmarked specifically for Latin America. I refer to the Administration's request for a contingency fund of $250 million in ESF. We hope not to have to use these funds in Latin

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

*78	3/26	SCC, SOLAS, working group on life-saving appliances, Apr. 22.
*79	3/26	CCITT, study group C, Apr. 23.
*80	3/26	CCIR, study group 2, Apr. 24
*81	3/26	Advisory Committee on International Investment, Technology, and Development, Apr. 28.
82	3/26	Haig: remarks at a breakfast meeting with news correspondents.
*83	3/26	Dean Fischer sworn in as Department spokesman (biographic data).
*84	3/30	Program for the official working visit of Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van der Klaauw of the Netherlands to Washington, D.C., Mar. 30–Apr. 1.
85	3/31	Haig: interview on "Meet the Press," Mar.29.

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*Not printed in the BULLETIN. ■

GPO Sales

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A 25% discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders. Prices shown below, which include domestic postage, are subject to change.

Background Notes: Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and a reading list. (A complete set of all Background Notes currently in stock–at least 140–$16; 1-year subscription service for approximately 77 updated or new Notes–$21; plastic binder–$2.) Single copies of those listed below are available (by country name or pub. number) for $1; $1.25 for foreign mailing.

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Netherlands Antilles	Pub. 8223	4pp.
Sierra Leone	Pub. 8069	6pp.
Somalia	Pub. 7881	7pp.
Swaziland	Pub. 8174	7pp.

Your Trip Abroad. This pamphlet, published by the Bureau of Consular Affairs, provides helpful hints for Americans traveling abroad. Topics include passports, visas, reservations, money, marriage, legal assistance, registering with American Consuls, destitute assistance, drug arrests, and what to do about U.S. Customs and Immigration when you return home. Pub. 8872, 31pp. (Cat. No. S1.69:155.)

Documents on Disarmament–1978. This publication contains basic documents on arms control and disarmament developments during 1978. Included are speeches, meeting reports, treaty documents, and index. ACDA Pub. 107. 852pp. (Stock No. 002-000-00075-0.) $8.50.

World Military Expenditures and Arms Transfers 1969–1978. This volume serves as a basic data source on world military expenditures and arms transfers for 145 countries over a 10-year period. Includes raw and comparative data and statistics, graphs, and tables. ACDA Pub. 108. 166pp. (Stock No. 002-000-00078-4.) $5.00.

United States Contributions to International Organizations. This 28th Annual Report to the Congress transmits to the President and to the Congress the report on U.S. contributions to international organizations. It also describes the various U.N. agencies to which the United States contributes. Pub. 9140. 112pp. (Cat. No. S:179:149.)

INR–Intelligence and Research in the Department of State. This publication describes the role of the Bureau of Intelligence and Research in the field of intelligence and in the Department of State. It also includes a working description of intelligence. Pub. 9157. 16pp.

Rural Roads. Agreement with Syria. TIAS 9638. 29pp. $1.75. (Cat. No. S9.10:9638.)

General Agreement on Tariffs and Trade. Agreement with Other Governments. TIAS 9650. 63pp. (Cat. No. S9.10:9650.)

Border Sanitation Problems. Agreement with Mexico. TIAS 9658. 7pp. $1.25. (Cat. No. S9.10:9658.)

Agricultural Commodities. Agreement with Bolivia. TIAS 9659. 12pp. $1.25. (Cat. No. S9.10:9659.)

International Sugar Agreement, 1977. Agreement with Other Governments. TIAS 9664. 371pp. (Cat. No. S9.10:9664.)

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Economic Assistance–Loan and Grant. Agreement with Turkey. TIAS 9678. 7pp. $1.25. (Cat. No. S9.10:9678.)

Extradition. Agreement with Norway. TIAS 9679. 31pp. $2.00. (Cat. No. S9.10:9679.)

Health Cooperation. Agreement with Israel. TIAS 9680. 6pp. $1.00. (Cat. No. S9.10:9680.)

Technical Cooperation in Educational Programs. Agreement with Saudi Arabia. TIAS 9681. 12pp. $1.25. (Cat. No. S9.10:9681.)

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Agricultural Commodities. Agreement with Egypt. TIAS 9683. 31pp. $2.00. (Cat. No. S9.10:9683.)

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Scientific Cooperation. Agreement with the Hungarian People's Republic. TIAS 9685. 5pp. $1.00. (Cat. No. S9.10:9685.)

Atomic Energy–Technical Information Exchange and Cooperation in Nuclear Safety Regulation. Agreement with France. TIAS 9686. 21pp. $1.50. (Cat. No. S9.10:9686.)

Atomic Energy–Technical Information Exchange and Cooperation in Nuclear Safety Matters. Agreement with Sweden. TIAS 9687. 16pp. $1.50. (Cat. No. S9.10:9687.) ■

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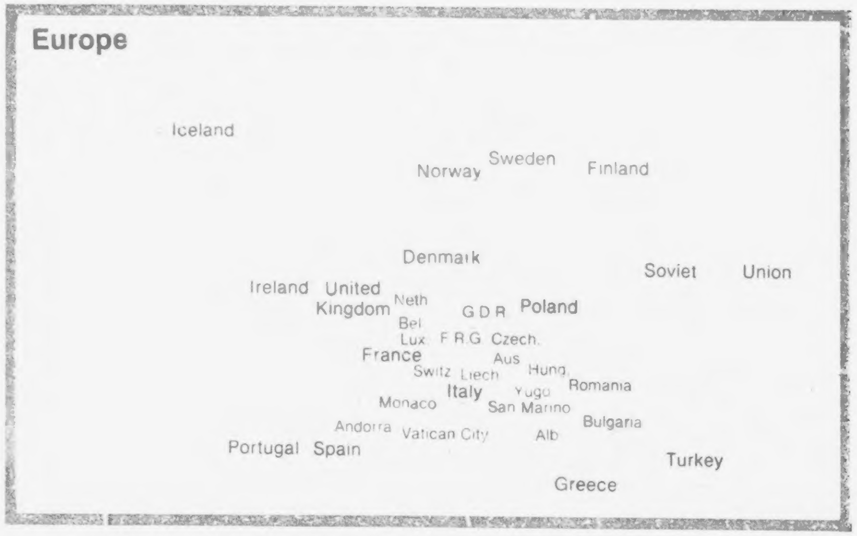
NATO and the Warsaw Pact

The North Atlantic Treaty Organization (NATO) was founded in 1949 to provide an integrated military force for the defense of Western Europe and North America. From the beginning, the organization was designed to promote wide cooperation in political, economic, social, and scientific fields as well as military security. Members: Belgium, Canada, Denmark, France, Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, United States.

The Warsaw Pact on Friendship, Cooperation and Mutual Assistance comprises the U.S.S.R. and its Eastern European allies. Signed in 1955, it provides a common defense system and machinery for coordinating foreign policy. Members: Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, U.S.S.R.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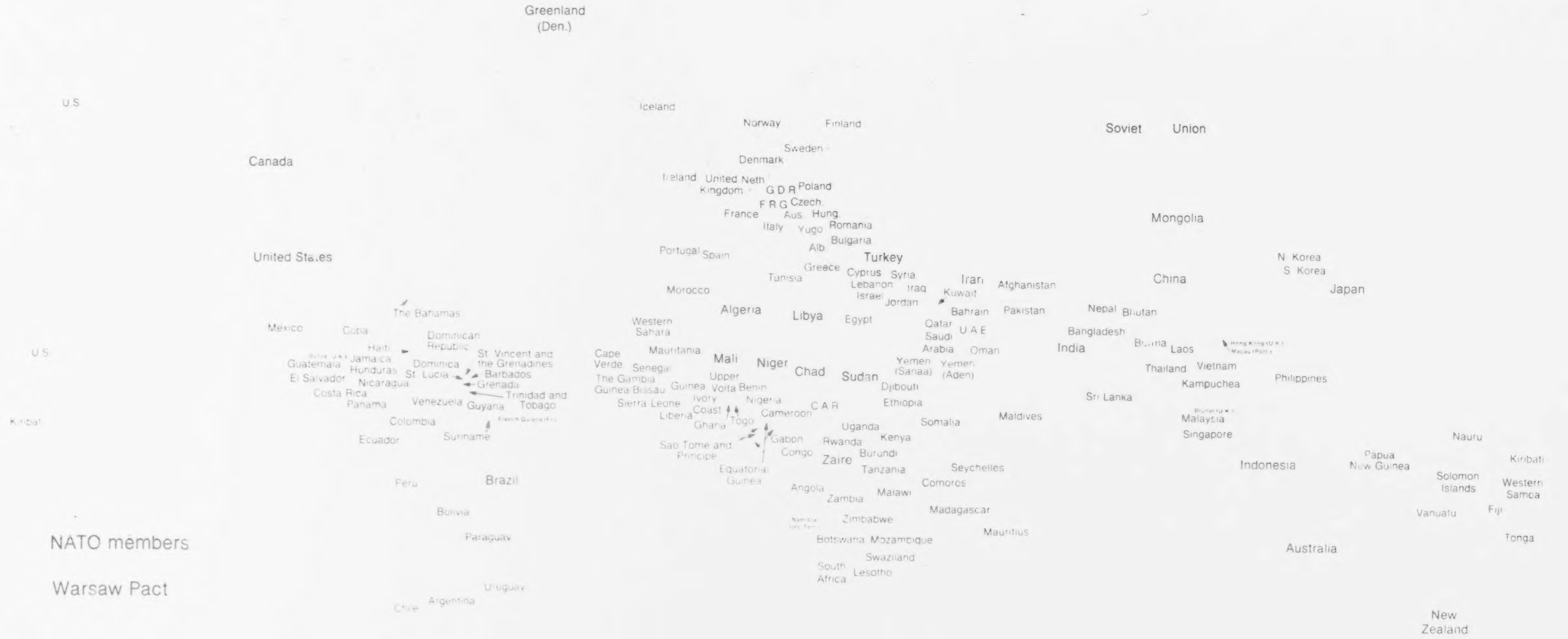
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Costa Rica
Panama
Dominica
St Lucia
St Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Venezuela
Guyana
Suriname
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Uruguay
Chile
Argentina
Kiribati
Iceland
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Tunisia
Lebanon
Israel
Iraq
Jordan
Iran
Kuwait
Afghanistan
Morocco
Algeria
Libya
Egypt
Western Sahara
Bahrain
Qatar
U A E
Saudi Arabia
Oman
Pakistan
Mauritania
Cape Verde
Senegal
The Gambia
Guinea Bissau
Guinea
Sierra Leone
Liberia
Ivory Coast
Ghana
Togo
Upper Volta
Benin
Mali
Niger
Nigeria
Chad
Sudan
C A R
Cameroon
Yemen (Sanaa)
Yemen (Aden)
Djibouti
Ethiopia
Somalia
Sao Tome and Principe
Equatorial Guinea
Gabon
Congo
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Kenya
Rwanda
Burundi
Tanzania
Seychelles
Comoros
Angola
Zambia
Malawi
Zimbabwe
Madagascar
Botswana
Mozambique
Mauritius
Swaziland
South Africa
Lesotho
Maldives
Soviet Union
Mongolia
China
Nepal
Bhutan
Bangladesh
India
Sri Lanka
Burma
Laos
Thailand
Vietnam
Kampuchea
N Korea
S Korea
Japan
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
Australia
Nauru
Kiribati
Solomon Islands
Western Samoa
Vanuatu
Fiji
Tonga
New Zealand
NATO members
Warsaw Pact

Situation in Poland

STATEMENT BY WHITE HOUSE PRESS SECRETARY, MAR. 26, 1981[1]

The White House issued the following statement at the conclusion of today's National Security Council meeting.

This statement reflects the views of the President of the United States.

The United States has watched with growing concern indications that Polish authorities may be preparing to use force to deal with continuing differences in that country between the authorities and labor unions. We are similarly concerned that the Soviet Union may intend to undertake repressive action in Poland.

Our position on the situation in Poland has been clear and consistent from the outset. We believe Poland should be allowed to resolve its own problems without outside interference of any kind. We have scrupulously implemented that policy in our statements, while acting generously in response to Poland's requests to us for economic assistance.

We have welcomed past assurances by the Polish Government and Polish labor organizations that they intended to resolve their differences peaceably and in a spirit of compromise and conciliation. We continue to believe that this path offers the only hope of resolving Poland's difficulties on a basis acceptable to all parties concerned.

We would like to make clear to all concerned our view that any external intervention in Poland, or any measures aimed at suppressing the Polish people, would necessarily cause deep concern to all those interested in the peaceful development of Poland and could have a grave effect on the whole course of East-West relations.

At the same time, we would emphasize our continuing readiness to assist Poland in its present economic and financial troubles, for as long as the Polish people and authorities continue to seek through a peaceful process of negotiation the resolution of their current problems. It is in this spirit that we shall receive Deputy Prime Minister Jagielski in Washington next week.

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[1] Text from Weekly Compilation of Presidential Documents of Mar. 30, 1981. ■

Baltic Sea
Kaliningrad
Grodno
Berlin
Frankfurt
German Democratic Republic
U.S.S.R.
Warsaw (Warszawa)
Prague
Ostrava
Czechoslovakia
Hungary
Austria
L'vov
54
52
50
16
20
24
Poland
International boundary
National capital
Railroad
Road
International airport

Poland's First Deputy Prime Minister Visits U.S.

Mieczyslaw Jagielski, First Deputy Prime Minister of Poland, visited Washington, D.C., Apr. 1–5, 1981, and met with Vice President Bush and other government officials. Following are remarks made by the Vice President and the First Deputy Prime Minister after their meeting at the White House on April 2.[1]

Vice President Bush

We've had a very good discussion with First Deputy Prime Minister Jagielski of Poland. We had a broad range of discussions of U.S.-Polish relations. Secretary of State Haig was there throughout. And Secretary [of the Treasury Donald T.] Regan and Secretary [of Commerce Malcolm] Baldridge took part in it. I should say at the very beginning that the Deputy Prime Minister expressed his concern over our President, and I told him that after my visit today to the hospital that I could report to him, firsthand, that our President was, indeed, doing very well.

The United States values its constructive relations with Poland, and we want to develop those relations further on the basis of mutual respect and reciprocity. We're following a policy of nonintervention in Poland's internal affairs, and, of course, we are anxious that others do the same, and we're doing what we can to insure that. We support the policy of the Polish Government, which is to use peaceful means to resolve Poland's internal problem. And we also welcome the Polish leadership's policy of renewal and economic reform.

We talked a good deal about that, the Deputy Prime Minister explaining in considerable detail the concerns of the Polish people and of his government. And we recognize that these economic problems can only be resolved through strengthen our relations with the friendly governments in the Arabian Peninsula. This purpose is manifested in a variety of actions, including support for the development efforts of the U.S.-Oman Joint Commission, our ongoing development assistance program in Yemen, and our military assistance undertakings in both countries.

Sultanate of Oman

U.S. relations with the Sultanate of Oman have intensified during the past year. We concluded an agreement last June under which U.S. military forces are given access to certain Omani ports and airfields under implementing arrangements as mutually agreed. We will upgrade these facilities for our own purposes and also for Oman's permanent use through a military construction program now getting underway. We are increasing the supply of military equipment in areas where American equipment appropriately meets the Sultanate's defense needs, and we are seeking increased FMS credits to help finance some of this equipment.

We also established last August a joint commission, thus strengthening the economic dimension to the relationship. This commission, supported both in funds and personnel jointly by Oman and the United States, will be the focal point for projects in Oman which might benefit from American technology and for increased commerical links between our two countries.

Oman is strategically significant because of its position overlooking the Strait of Hormuz at the mouth of the gulf. The United States has an interest in supporting a friendly and responsible government there. Although Oman in late 1975 successfully quelled a Marxist-oriented insurgency led by the Popular Front for the Liberation of Oman (PFLO) and supported from South Yemen, some leaders of the PFLO are still at large and South Yemen has kept up its anti-Oman rhetoric. Therefore, there is reason for concern that radical elements in the region will seek to pressure Oman through military and political means. Our new military and economic program is designed to help Oman address these concerns.

Our intensified relationship with Oman builds on a long history of cordial relations. It recognizes the remarkable progress that Oman has made during the past decade in creating a modern society and bringing prosperity to its populace. When Sultan Qaboos came to power in 1970 and set that country on the road to development, he was faced with one of the most impoverished economies in the world and had to fight the PFLO insurrection which was then at its peak. With great effort and considerable cost in resources, the Sultan's government not only put down the rebellion but also built a modern economic and social infrastructure where virtually nothing existed before.

Oman has been helped in this endeavor by its oil income, but its oil resources are small by the standards of the region and in relation to the development task it is facing. The Sultanate has received substantial economic and military assistance from friendly countries in its difficult task and will rely on similar help in the future.

Yemen Arab Republic

The Yemen Arab Republic occupies a strategic location on the southern border of Saudi Arabia and astride the entrance to the Red Sea. It occupies a buffer position between Saudi Arabia and the Marxist-led People's Democratic Republic of Yemen (P.D.R.Y.). After centuries of isolation and a period of devastation brought about by a long civil war during the 1960s, Yemen today is attempting to strengthen its central government, to achieve security and political order throughout its territory, to improve its economic development, and to raise the standard of living of its population.

Yemen is poor in natural and industrial resources and remains heavily dependent upon outside assistance. In the past, it has sought aid, both economic and military, from a variety of sources. The Saudis have been particularly generous in their economic assistance as have other Arab states. The Soviet Union has concentrated its assistance on military equipment and training. For a long period, Yemen obtained the bulk of its military supplies from the Soviet Union. The Soviets, however, also provided very large amounts of military aid to the Marxist regime in the P.D.R.Y. and as tensions between the two Yemens heightened during the early 1970s, North Yemen expressed interest in obtaining arms from the United States.

The U.S. economic and security assistance program in Yemen is part of the U.S. effort to counter the Soviet challenge in the Middle East and to confront the challenge of radical forces in the region. Our security assistance effort ($1.05 million in IMET and $15 million in FMS credits) is aimed at providing additional training and support for the operation and maintenance of the U.S. military equipment we sold to North Yemen, with Saudi financing, in 1979 during its border conflict with South Yemen. We want to maximize Yemen's ability to utilize the equipment we have provided. Our security assistance provides an alternative to Yemeni reliance on the Soviet Union. Our program in Yemen is smaller than that of the Soviets, who over the last year have provided substantial amounts of military equipment at very favorable interest rates. The Soviets are also providing training for over 1,000 Yemenis in the Soviet Union. We have sought to emphasize the quality of our own training activity. We feel the progress in our training of F-5 pilots contrasts favorably to the limited success of the Soviet MiG-21 program.

It is equally important that the United States contribute to Yemen's effort to develop its economic and human resources. Our aid program is relatively small and complements the larger efforts being made by Arab and international donors. In the last several years, our aid program has had to concentrate on laying a basis for development training in the seriously underdeveloped Yemeni technical environment. We have now reached a stage where we can demonstrate more visibly the human benefits of this effort. It is essential that the program be fully funded at the request level of $21.1 million in order to achieve this. Unless we are able to operate at the funding level requested, we will need to review our economic assistance approach and seek even more modest goals.

MR. DRAPER, MAR. 16, 1981

I am pleased to be here today to testify in support of our FY 1982 proposals for economic and military assistance to Egypt.

We are seeking – in security assistance – $750 million in ESF, as well as $900 million in FMS credits, $400 million of which will be in concessionary "direct credits." These security assistance proposals will be on top of a PL 480 program likely to exceed $300 million in FY 1982.

Progress in the U.S.-Egyptian Relationship

Our assistance programs for Egypt complement the Middle East peace process and constitute integral elements of the coherent strategic approach to the region which we are developing in order to improve the security situation there. Our relationship with Egypt is critically important to these two objectives. It is remarkable that we have achieved such intimate ties, given the fact that diplomatic relations between our two countries were reestablished only 7 years ago. These ties are as close as they are because of the mutuality of our interest.

Following the October 1973 war, we have together moved steadily forward on the search for peace in the Middle East, while developing confidence in one another's determination. The disengagement agreements in the Sinai were followed by President Sadat's historic visit to Jerusalem in 1977, which set in motion the dramatic developments leading to the Camp David accords and the Egyptian-Israeli Peace Treaty.

Working from the foundation of a common commitment to peace, our two countries have developed an equally strong record of cooperation with regard to the challenges to the region's security. Egypt will have a role to play of high importance. It must have the strength to deter threats and maintain national security. This is a principal reason for our military assistance programs.

Starting from a relatively modest economic assistance program after 1974 that was small in relation to Egypt's needs, we are now devoting over $1 billion annually in support of President Sadat's efforts to free up the economy, to achieve self-sustaining growth, and to enhance the quality of life for his people.

The closeness, the importance, and the magnitude of such ties are unusual in our other relations worldwide. They deserve our full measure of support.

Strengthening the Peace

A little over a year ago, Israel and Egypt exchanged Ambassadors, which was one of the more dramatic events in the process of normalizing relations between these two former adversaries. The two are adhering scrupulously to both the letter and the spirit of the Treaty of Peace. The interim boundary is open to travel and trade. Israel's President Navon visited Egypt and addressed the People's Assembly. Israeli and Egyptian Ministers and Members of Parliament have exchanged visits. Scholars, scientists, and businessmen are forging new ties in broadening fields. Egypt struck from the books all laws related to the Arab boycott of Israel. Aviation, postal, and communication links have been established between the two countries. Egypt now sells Israel 2 million tons of crude oil annually, making Egypt one of Israel's major long-term suppliers. Egypt and Israel, we are confident, are becoming good neighbors.

Much has been achieved, but much remains to be done. Egypt remains committed to building on what has been negotiated in partnership with the United States and Israel. We have already joined with the two countries, ahead of schedule, to work out security arrangements concerned with the final phase of Israel's withdrawal from the Sinai under the terms of the Peace Treaty. On his April trip to the region, Secretary Haig will be discussing with President Sadat and Prime Minister Begin how the peace process should best by advanced and how the core problems should be addressed. The Secretary will also be talking to some of the other leaders in the region to analyze their detailed views of a proper course toward peace.

Growing Strategic Cooperation

President Sadat has been outspoken about the threats posed to the region through foreign intervention and subversion. If Egypt is to play its role in our common strategic approach to regional security problems, it must have help in modernizing its armed forces. Egypt has been the target of efforts by some Arab states to isolate it politically, as punishment for its commitment to peace, and thus has been deprived of some traditional sources of outside funding to meet its needs. Other traditional donors have tended to concentrate on economic credits rather than for those that might be used for military equipment. Meanwhile, Egypt's problems with its deteriorating inventory of Soviet-origin hardware continue to grow.

Thus, Egypt feels itself dependent on us to help satisfy its minimal, legitimate defensive needs. These needs must be set in the context of the prevailing instability in the region and the adventurism of some of the states there. Libya is pursuing a heavy-handed, aggressive policy, as witnessed by its intervention in Chad. It is heavily armed with modern Soviet equipment. Egypt's security concerns embrace the potential threat to its neighbor, Sudan, with which it has a mutual defense treaty.

President Sadat sees the overall threat in broad strategic terms. He has been deeply concerned over the implications of the Iranian revolution and the Soviet invasion of Afghanistan. He has offered access to Egyptian military facilities for U.S. forces in emergencies and for common purposes. He has invited U.S. Air Force and rapid deployment force units to participate in joint exercises with Egyptian forces. He wants to consult with us further and extend cooperation compatible with Egypt's own national interests.

Military Assistance

It was with our broad and coherent regional strategy in mind that we decided to propose an FMS credit level of $900 million, or $100 million higher than initially planned. When we proposed – and the Congress approved – $550 million in FY 1981 as part of an anticipated longer term military supply relationship, we privately told the Egyptians that they could consider a figure of $800 million for planning purposes in FY 1982. With the help of cash-flow financing, our program allows Egypt to make sensible plans to carry out a balanced modernization program for the next years ahead.

In planning and placing orders for a balanced program, however, Egypt had, in effect, mortgaged the $800 million funding level it was told we would seek for FY 1982. As a result, Egypt would be faced with the prospect of not being able to place major new orders until FY 1983 – with deliveries, of course, several years later still. It is in response to this problem that we went to the higher figure of $900 million.

As I stated, we are also proposing that $400 million of this new level of $900 million be offered in the form of concessionary direct credits; the exact terms are yet to be decided. Egypt is a relatively poor country, measured in per capita income terms. While the short-term prospects for the economy are good, the country will probably face some serious problems a few years ahead, as it balances needs – including defensive needs – with resources. Direct which play a vital role in helping the world community deal with the refugee crisis.

The remaining $1 million requested for this activity supports projects designed to resettle refugees in nations other than the traditional countries of resettlement. We view this as one of the more significant policy initiatives included in this budget, since there are certain resource-rich, but population-poor, nations throughout the world which may be willing to accept refugees for permanent resettlement, if international financial assistance is available.

Administrative Expenses

The last item in our request is $8.2 million for administrative expenses. This increase of $1.4 million over the comparable continuing resolution level provides funding to establish 30 new positions in the Bureau for Refugee Programs, which will strengthen financial and program management; to finance an enhanced program of evaluation and audit; and to meet price increases for ongoing activities such as travel, rents, and supplies. Despite this period of financial stringency, there are certain crucial needs in the Bureau which can only be met by establishing new positions. In particular, I am referring to such complex new needs as the refugee programs in Pakistan, Somalia, and Kampuchea and the management responsibilities encumbent upon a program which has available over $500 million in Federal resources. I would now like to discuss briefly the outlines of the FY 1983 migration and refugee assistance authorization needs. For that year, we are seeking $460 million in program authorization. This request is $93 million less than what we are seeking for FY 1982. This decrease reflects a projected reduction in the rate of Indochinese refugee resettlement to the United States, since the refugee situation in Southeast Asia is expected to continue to improve, along with other program decreases in areas such as Khmer relief. The balance of the authorization request projects no significant changes from the activities which I have just described for FY 1982.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

FY 1982 Assistance Requests for African Refugees

by W. R. Smyser

Statement before the Subcommittees on Africa and on International Organizations of the House Foreign Affairs Committee on March 19, 1981. Mr. Smyser is Acting Director of the Bureau of Refugee Programs.[1]

I am pleased to discuss with you our program of assistance for African refugees. At the time of the Department of State's testimony before the Africa subcommittee last year, Africa's refugee problem, although of immense magnitude, was not well known to the world community. Today this is no longer the case. The world's attention is focusing more and more on the needs of the several million refugees in Africa. This is a welcome development to all people who are concerned about the very large number of Africans who are victims of civil strife and political persecution. I should add also that increased world awareness of this major humanitarian problem is a matter of crucial importance to U.S. policy interests. Several African countries which are our staunch friends are seriously affected by the presence within their borders of hundreds of thousands of homeless and destitute refugees.

The U.S. Government, over the past year, has made substantial contributions to ongoing multilateral efforts on this issue. We and others have worked successfully to raise the world's awareness of this critical humanitarian and political problem. Subsequently, we have begun to see the results of these efforts in increasing availabilities of international assistance for African refugees. There is no question that our government's efforts were strengthened at each step in this process by close collaboration between the Administration and concerned committees and individuals in the Congress. We, therefore, look forward to continuing in a cooperative effort with you and others in Congress to make sure that the United States does its share to strengthen the international community's refugee relief efforts in Africa.

The Department's mandate includes both the care and maintenance of refugees in their countries of asylum outside the United States and the resettlement of refugees in this country. In the African context, the first of these functions is by far the more important due to the nature of the African refugee situation. Nevertheless, in the past year we have made significant progress in implementing an appropriate African refugee admissions program as well, in accordance with the provisions of the 1980 Refugee Act.

The implementation of our African refugee program has been an interdepartmental effort. As a result of the division of responsibilities within the U.S. Government, assistance for refugees falls within the mandate of the Department of State and assistance for internally displaced persons falls almost entirely within the mandate of the Agency for International Development (AID). Further distinctions exist between emergency relief assistance for refugees and long-term development assistance or infrastructure building as these affect refugee relief operations and refugee resettlement. There is also a distinction between nonfood relief for refugees and food assistance.

Congress has provided funds to different agencies and offices to cover these assistance needs. But, obviously, these functions are often interrelated, and distinctions are at times hard to draw. Consequently, the Department of State has collaborated closely with the Department's Bureau of African Affairs and offices in other government agencies – all of the Agency for International Development, primarily AID's Office of Food for Peace and the Office of U.S. Foreign Disaster Assistance – to insure that the long- and short-term food and nonfood needs of the refugees and displaced persons in Africa are taken into consideration.

U.S. Efforts

For FY 1981, the Department of State requested a total of $54 million in nonfood aid for African refugees. This figure includes $35 million for the U.N. High Commissioner for Refugees (UNHCR), $7 million for the International Committee of the Red Cross (ICRC), and $12 million for special projects and bilateral assistance. Although we are operating under the terms of a continuing resolution, we are taking steps, possibly including reprograming actions and reallocation of other resources available to the Department, to insure that nonfood contributions to African refugees in FY 1981 will be funded, at least, at the $54 million level for the entire fiscal year. To date in FY 1981, we have pledged $28.3 million to the UNHCR's general program for Africa and $7 million to the ICRC. We are also continuing to support a number of urgent bilateral projects through voluntary organizations and with the assistance of the Public Health Service's Centers for Disease Control in Atlanta.

Food contributions to refugees in Africa are administered by AID's Office of Food for Peace. Our FY 1981 food contribution to African refugees is expected to total $42 million, which includes transport. The levels of our food aid in 1982 will be determined later in the year when food needs are more clearly known.

For FY 1982, the State Department has requested $77 million for nonfood aid for African refugees. The Agency for International Development's FY 1982 request also includes $20 million for long-term resettlement projects for refugees and displaced persons.

The bulk of the funds expended by the Department of State for African refugees is channeled through international organizations. In FY 1980, for example, 84% of the $56.1 million U.S. Government contribution of nonfood refugee assistance was made through the UNHCR and the ICRC. We intend to continue our multilateral approach in FY 1981 and FY 1982.

Internationalization of African refugee relief is clearly our most desirable and effective option. This is true for two reasons. First, by making the international organizations the focal point for refugee relief, the responsibility for providing needed humanitarian assistance correctly rests on all donor nations rather than solely on the United States. Second, it is in our political interest to involve other nations in this effort.

I should stress that reliance on international organizations does not reduce the role of the Department of State in the area of African refugee relief. Rather, in order to insure that refugees' needs are being met and that the international organizations remain accountable for their activities, we have undertaken a multiplicity of functions on a continuing basis. These responsibilities include monitoring the conditions in Africa which create refugee problems; evaluating the relief programs carried out by the international organizations in support of the African refugees; and working closely to accomplish these purposes with a broad group of the interested parties, including African and other governments.

Since our last appearance before the Subcommittee on Africa, our efforts have taken many directions. We view as some of our more noteworthy accomplishments over the past year:

- The establishment of the Somalia Refugee Working Group in early 1980, which, in the initial stages of the Somali refugee emergency, provided critically needed food and other relief supplies and which, I am convinced, assured the survival of the refugees;
- The successful completion of on-site situation assessments in Somalia, Sudan, Djibouti, Cameroon, Zaire, and other African countries which have led to realistic planning and more appropriate responses by the international organizations, the U.S. Government, and other donors; and
- The establishment of excellent communications and collaboration within the U.S. Government and between us and affected African governments, other donor nations, the private voluntary sector, and international organizations.

In addition to the above, during the past year, U.S. funding for African refugee relief rose considerably over the previous years' levels. Total U.S. assistance for African refugees, including food and nonfood and from State Department and AID sources, rose from $63 million in FY 1979 to nearly $105 million in FY 1980. The U.S. contribution to refugee relief in Somalia alone in FY 1980 totaled $53 million. In Somalia, our contribution of 114,000 metric tons of food in FY 1980, valued with transport at $35 million, represented approximately 80% of all food donated to Somali refugees in that year. Our contribution of $18 million worth of nonfood assistance to Somali refugees was close to one-half of all such contributions. In the future, I believe that 1980 will be seen as a turning point in our government's recognition of African refugee needs.

I would like to mention briefly another aspect of our African refugee program for 1980. That is our African refugee admissions program. Most refugees in Africa traditionally have been welcome to remain in African countries of asylum. This is a humane and praiseworthy attitude, and we should do what we can to support its continuation. Fortunately, this situation still prevails, and we consider it to be in the best interests of the African countries and of the individual refugees themselves. However, in certain instances, settlement in an African country is not possible. Last year following the enactment of the Refugee Act of 1980 and with the help of the Department of Justice and of numerous American voluntary agencies, we expanded our program of African refugee admissions to the United States. This program has as its aim to provide resettlement opportunities to those who are in genuine need while avoiding an unnecessarily traumatic separation for large numbers of people from familiar climates and cultures. As part of this admissions program, we have retained the necessary latitude to offer resettlement to urgent cases from any country in Africa where refugees come to our Embassies' attention.

Critical Problems

Calendar year 1981 promises to present new challenges to our African refugee program. One of the most troubling aspects of the current situation is that several ongoing conflicts in Africa will probably not soon reach solutions which would allow the refugees to return to their homes. As a result, the monumental assistance requirements which have arisen over the past few years will persist. This state of affairs is further exacerbated by the fact that both the asylum countries and the donor countries are facing serious internal economic difficulties.

Today's most critical African refugee problems are in Somalia, Sudan, Djibouti, Zaire, and Cameroon. In Somalia the situation is especially acute where refugees from the fighting in Ethiopia have been arriving at an average rate of more than 1,000 a day since October 1979. Earlier this year, the Government of Somalia estimated the refugee population in the more than 35 camps at over 1 million. Some half million more refugees in Somalia are believed to be struggling to survive outside the camps. However, because numbers of refugees often are difficult to estimate, a new assessment of the scope of the Somali refugee population will soon be undertaken. The currently estimated requirements for the refugees in Somalia for 1981 are $85 million worth of nonfood assistance and 283,000

America. However, our recent experiences, which have often involved painful and difficult reprogramings, and the uncertain situations we face in several countries, suggest the wisdom of building this flexibility into a budget otherwise limited to essentials foreseeable now.

The Need for Bilateral Aid

Before turning to particular programs, I would like to observe that for some years there has been a tendency to deemphasize the need for U.S. bilateral assistance for Latin America. Our major contributions to regional development have been concentrated in multilateral institutions that play a key role in the maintenance of a healthy world economy. The richer countries of Latin American – Mexico, Brazil, and Argentina, for example – need and can obtain far greater resources from these institutions than we could provide bilaterally. Indeed, the reflows to us from countries where we no longer have programs would finance half of our total development assistance program for Latin America. The reflows of principal and interest from Brazil, Chile, and Colombia alone will provide over $121 million in FY 1982.

Several of the relatively better-off countries are themselves beginning to provide significant assistance to their less fortunate hemispheric neighbors. The contribution of the new Mexican-Venezuelan facility and the similar financing by Trinidad will exceed $1.5 billion of concessional assistance for Central America and the Caribbean over 3 years.

The greatest assistance that we can provide to Latin America, especially in these economically troubled times, is a healthy economy of our own to provide markets for their goods and thereby generate jobs for their workers. When considering Latin America in its entirety, trade, technology transfers, access to our capital markets, and other interfaces are more important than bilateral or multilateral assistance.

It is when we consider our ability to advance specific U.S. interests in particular countries that bilateral assistance programs become of critical importance. Over three-quarters of our total request for bilateral assistance in FY 1982 for Latin America and the Caribbean is concentrated on the most vulnerable countries in Central America and the Caribbean. Of these, El Salvador, Jamaica, and the island states of the eastern Caribbean are of the most concern.

Central America

For Central America we are asking for $114 million in bilateral development assistance and $60 million in economic support funds in 1982. The $114 million is nearly half of our total Latin America development assistance budget and represents a 33% increase over our 1981 request. The immediacy of the economic and strategic challenge in Central America creates a greater need for flexible and quick-disbursing ESF resources than in the past.

Because El Salvador has been most affected by outside interference, it has our largest proposed program. In 1980, El Salvador's output fell by over 8%, and it will likely drop further this year even with the assistance we and others are providing. Commercial credit for the privately owned manufacturing sector has almost disappeared. Agricultural production has been disrupted by the lack of credit and the insurgency. Without substantial assistance, these economic difficulties will undercut President Duarte's efforts to deal with the insurgency and bring stability to El Salvador. To help meet this emergency, two-thirds of the ESF we are requesting for Central America will go to El Salvador, $40 million, and our proposal for development assistance there is the largest in the hemisphere at $35 million.

But if the lion's share of our proposed assistance package for El Salvador is economic, it is also evident that externally armed guerrillas cannot be defeated with fertilizers alone. Since January 16, we have provided substantial military assistance through emergency grants and FMS reprograming. We must follow through with enough of a military assistance package to help the government bring the insurgency to an end and thereby permit economic and social reforms to work and free elections to be held. To this end, the most significant increase in this year's security assistance budget request is a $25 million FMS program for El Salvador, $17 million of which would be in direct credits.

In Nicaragua we have quite different purposes. The private businessmen, small farmers, free labor unions, and many others who have held on for more than a year as a strong force against those who would establish a totalitarian state have earned our continued support. We would like to be able to provide it – so long as the Marxist-led government accepts a pluralist society and ends support from Nicaragua for the guerrillas in El Salvador. We are encouraged by signs that this support has been reduced. We have under review whether the steps Nicaragua is taking may justify a resumption of our current aid program. If so, we want to be in a position to respond in the future to the needs of the private sector which acts as a moderating force on the more extreme elements of the government.

For these reasons we have requested $35 million in development assistance and ESF in the FY 1982 budget. So long as the outcome remains potentially favorable, the investment is a risk worth taking. Failure to budget for the outcome we desire in Nicaragua would be defeatism of the first order. But you can be sure we shall not deliver the proposed assistance to Nicaragua, this year or next, unless the government there maintains the pluralism and nonintervention called for by their own public policies.

Other countries of Central America are watching Nicaragua and El Salvador, knowing that their own security will be affected. We propose to maintain development assistance to Honduras, Guatemala, and Costa Rica at about FY 1981 levels. We propose to increase our FMS program for Honduras from $5 million in FY 1981 to $10 million, including $4.5 million in direct credits. This will help Honduras protect itself against the dangers of foreign-supported insurgency and help its efforts to stop the use of Honduran territory to support guerrillas in El Salvador.

International military and education training programs for El Salvador and Honduras are also being increased to reinforce our FMS programs. Their purpose is to help train professionally competent military forces which can curb subversion, halt the infiltration of arms and men from abroad, and use U.S.-manufactured equipment effectively. We are proposing to continue in FY 1982 the small IMET program for Costa Rica that was established through reprograming in FY 1981.

Caribbean

Another priority in the FY 1982 budget is the area some call our "third border" – the Carribbean. These island states find themselves critically strained by stagnant agricultural sectors, the low output of industries, and unemployment rates of up to 35%, all contributing to discontent and political instability which invite Cuban adventurism. Nearly one-third of total development assistance and one-half of the ESF we are requesting for the hemisphere is for the Caribbean, $89 million and $60 million respectively.

Our assistance efforts in the Caribbean have the following objectives:

- To strengthen friendly ties and cooperation among the islands, including joint security measures among the smallest island states to enable them to protect themselves, maintain law and order and preserve their territorial integrity and national sovereignty;
- To promote political and social institutions so as to strengthen democratic and constitutional processes; and
- To expand the productive sector to enable nations to increase their resource base and move toward economic self-sufficiency.

Approximately one-third of our aid to the Caribbean will go to regional institutions such as the Caribbean Development Bank. We will work closely with other major donors such as Canada and Western Europe, and we shall deal with the small Caribbean countries on a regional basis.

In Jamaica, years of weak economic management have taken a terrible toll – 7 years of negative growth. Prime Minister Seaga's decisive electoral victory last October turned Jamaica away from policies which had led it close to bankruptcy. Seaga is determined to restore economic health to Jamaica by stimulating private investment and following sound economic policies, supported by the international financial institutions buttressed by bilateral programs. The outcome of this effort to lead Jamaica to recovery under Western-oriented principles is being followed closely throughout the Caribbean.

Our national interests require that we help Jamaica succeed. We are already engaged in a major program for Jamaica, linked to the massive assistance and economic program being negotiated between Jamaica and other international donors. We expect this program – a large part of which is aimed at reinvigorating the private sector – to turn the economy from negative to positive growth by the end of the year. The problem for FY 1982 is to maintain momentum. Earlier attempts to solve Jamaican problems have faltered short of success, making each new attempt more difficult.

We are asking for $19 million in development assistance for FY 1982 – twice our FY 1981 program – and $40 million in ESF. Our bilateral programs are largely focused on helping to revitalize Jamaica's private sector and undertake special programs in energy. They are designed to complement President Reagan's initiative for stimulating private foreign investment in Jamaica.

We are also requesting $1 million in security assistance for Jamaica to continue the $1.5 million FMS program we began with the new government this year through reprograming. Direct credit is requested in view of Jamaica's already large foreign debt service burden over the next several years.

We intend to strengthen ties among the small island states of the eastern Caribbean through joint security measures as well as economic cooperation. The crucial problem is unemployment, particularly of youths just entering the labor force – the groups most susceptible to Cuban-inspired exploitation. We plan to target $20 million in ESF toward stimulating employment generating enterprises. The FMS program of $7.5 million is primarily for a regional Coast Guard program of the eastern Caribbean states.

Frankly, we are late in supporting this regional coast guard in which the British have taken a lead. We had hoped

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U.S. Suspends Economic Aid to Nicaragua

DEPARTMENT STATEMENT, APR. 1, 1981[1]

After a careful review the President has defined a comprehensive U.S. policy on assistance to Nicaragua. The policy takes into account Nicaraguan support for violence in El Salvador, the provisions of U.S. law, the positive responses of the Nicaraguan Government to our concerns, and U.S. national security interests in the region. It envisages the possibility of a continuing assistance relationship with Nicaragua.

Given the Government of Nicaragua's involvement in activities supporting violence in El Salvador, the President has decided to invoke the provisions of section 533(f) of the Foreign Assistance Act. That section calls for a termination of ESF [economic support funds] assistance to Nicaragua if the President determines that its government is supporting violence in another country. It also makes all outstanding ESF loans due and payable in that event.

This Administration has made strong representations to the Nicaraguans to cease military support to the Salvadoran guerrillas. Their response has been positive. We have no hard evidence of arms movements through Nicaragua during the past few weeks, and propaganda and some other support activities have been curtailed. We remain concerned, however, that some arms traffic may be continuing and that other support very probably continues.

Important U.S. security interests are at stake in the region. We want to encourage a continuation of recent favorable trends with regard to Nicaraguan support for the Salvadoran guerrillas. We also want to continue to assist moderate forces in Nicaragua which are resisting Marxist domination, working toward a democratic alternative, and keeping alive the private sector.

Recognizing the Nicaraguan response to date and taking into account our national security interests in the region, the President has decided to use his special authority under section 614(a)(1) of the Foreign Assistance Act to maintain outstanding fully disbursed ESF loans to the Government of Nicaragua – that is, not to call for their immediate repayment.

We are considering a resumption of PL 480 and, later, development assistance if the favorable trends there continue. We do not rule out the eventual resumption of ESF assistance at a later time should the situation in Nicaragua improve.

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[1] Made available to news correspondents acting Department spokesman William J. Dyess. ■

Department of State bulletin

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June 1981

ATLAS

Japan / 1

an economic program which does have the full support of the people. We're very sympathetic to Poland's economic difficulties. And the American people have, as I told him, a very strong, compatible, humanitarian interest in the welfare of the Polish people.

For these reasons, I had the pleasure of confirming what Secretary Haig had told the Deputy Prime Minister, and that is that the U.S. Government will sell at concessionary prices certain dairy products – surplus dairy products – to Poland. This food, consisting of dried milk and butter, was requested by the government, and we were pleased to be able to reach agreement on that. There are other matters that the Deputy Prime Minister raised with us in terms of things that we might do to help further the economy of Poland. Those matters are being considered with a matter of some urgency, because he impressed upon us the problems facing his country.

We hope that the assistance that we can give will help relieve the current difficulties. And from our standpoint we had a most cordial and productive visit.

First Deputy Prime Minister Jagielski[2]

Just as the Vice President has said it, I would like on my own part to confirm that our meeting was very interesting and that it was very fruitful, above all, and very advantageous. This allows us to present a wide spectrum of matters very important to our country, for Poland, from economic problems of general meaning and about the means that we are taking in our own country, Poland, to solve the problems with which we are faced and confronted in our country in the most effective way, in the interest of the whole of our people.

I have emphasized once again that the will of my highest authorities is the consistent implementation of the Polish Socialist renewal and the solution of all swelling problems by political means. It is clear that the essential role is assigned to economic matters. And in their solution we expect assistance on the part of our friends, the United States. We are fully cognizant that we must solve these matters, referring at this point to economic matters, by means of our own resources and forces by our own work; increasing its productivity, reenforcing law and order. But we expect also to have assistance from our friends. This will be a subsequent consecutive demonstration of efforts to expand our economic cooperation as much as the historically shaped ties of friendship.

I wish to extend my thanks to the Vice President and to other interlocutors and for the cordial and warm reception accorded us.

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981.

[2] The First Deputy Prime Minister spoke in Polish, and his remarks were translated by an interpreter. ■

NATO Defense Ministers Position on Poland

STATEMENT BY DEPUTY WHITE HOUSE PRESS SECRETARY, APR. 9, 1981[1]

The President is very pleased by this strong expression of allied unity.[2] It reflects the results of the full and extensive consultations which the Administration has had with our European allies since January 20. The President, the Secretaries of State and Defense, and other senior Administration officials have met frequently with European leaders both here and abroad. This series of talks has resulted in common understandings on the key problems facing the alliance. The President is gratified that that sense of understanding has been made dramatically clear by the statement of the NATO Defense Ministers. He believes the statement has made a significant contribution to the prospects for world peace.

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 13, 1981.

[2] On Apr. 8, 1981, the NATO Defense Ministers, meeting as the Nuclear Planning Group in Bonn, issued a statement which supported the linking of Soviet intervention in Poland with effective arms control negotiations. ■

Poland—A Profile

Geography

Area: 120,700 sq. mi. (about the size of New Mexico). **Capital:** Warsaw (population 1.6 million). **Other Cities:** Lodz (832,000), Krakow (705,000), Wroclaw (608,000), Poznan (544,000).

People

Population: 35.7 million (Jan. 1981). **Ethnic Group:** Polish. **Religion:** Roman Catholic. **Language:** Polish.

Government

Type: Communist. **Date of Constitution:** July 22, 1952. **Branches:** *Executive* – Chief of State (Chairman of the Council of State). *Legislative* – unicameral Parliament. *Judicial:* Supreme Court. **Subdivisions:** 49 provinces. **Political Parties:** Polish United Workers' (Communist) Party, United Peasant Party, Democratic Party. **Suffrage:** Universal and compulsory over 18. **Trade Unions:** Solidarity Trade Union Federation (independent – about 10 million members), Rural Solidarity (independent – about 3.5 million members), autonomous branch unions (progovernment).

Economy

GNP: $108.3 (1978 at 1978 prices). **Annual Growth Rate:** –0.1% (1979). **Per Capita GNP:** $3,100 (1978). **Average Rate of Inflation:** 10% (1980). **Natural Resources:** Coal, sulfur, copper, natural gas. **Agriculture:** Grains, sugarbeets, potatoes, hogs, and other livestock. **Industry:** Iron and steel, chemicals, textiles, food processing, shipbuilding, transportation equipment. **Trade (1980):** *Exports* – $17.2 billion: coal, basic materials, agricultural products. *Partners* – U.S.S.R., F.R.G., G.D.R., Czechoslovakia, U.K., France, Italy. *Imports* – $19.1 billion: oil, iron ore, other raw materials, grain. *Partners* – U.S.S.R., F.R.G., G.D.R., Czechoslovakia, U.S., U.K. **Official Exchange Rate:** 32.42 zlotys = US$1.00.

Membership in International Organizations

U.N., General Agreement on Tariffs and Trade, Council for Mutual Economic Assistance, Warsaw Pact.

AID Bilateral Assistance Programs

by M. Peter McPherson

Statements before the House Foreign Affairs Committee on March 19, 1981. Mr. McPherson made the statements both as the Acting Director of the International Development Cooperation Agency (IDCA) and as Administrator for the Agency for International Development.[1]

STATEMENT AS ACTING IDCA DIRECTOR

It is an honor for me to appear before this committee for the first time. I look forward to a close working relationship with you as we together seek ways to strengthen U.S. development assistance programs.

I appear before you this morning as Acting Director of the International Development Cooperation Agency. As you are aware, this Administration is reviewing the structure of IDCA. While the Administration's final recommendations are not yet set, and we will consult with you before they are, we are committed to the essential idea behind the creation of IDCA: that the various development assistance programs of the U.S. Government be carefully coordinated and interrelated and that our policies toward developing nations be clearly enunciated and defined. These objectives will be achieved within the coherent framework of U.S. foreign policy now being established by President Reagan and Secretary Haig.

As I begin this new task, which I consider an extraordinary opportunity, I have found it useful to review past experience as I look to the future. Developing countries have made much progress in the 30 years or so since their modern, independent economic growth began and since the United States first launched the concept of large-scale international development assistance. Our satisfaction at these accomplishments must be tempered, however, with concern over today's problems and those of the rest of this century.

Over the past 30 years, developing-country economies grew faster than the industrial nations had ever grown in any comparable period. At the same time, life expectancy–a useful index of a country's health and general living standard–rose from 32 years (just before World War II) to 50 years, an increase that took the industrial countries the entire 19th century to achieve. Adult literacy rose from one-third in 1950 to about one-half by 1975, while the number of students in primary schools more than tripled.

Substantial progress has been made toward economic self-reliance and diversification. In the early 1950s, many of the countries that have achieved these advances were just emerging from colonial status, were torn by unrest or open warfare, were dependent upon one or two commodities for the bulk of their exports, and had barely begun to create the educational, research, and governmental institutions on which modern development depends.

The United States can be proud of the contributions we made to this historically unprecedented record of economic and social advancement. The United States was at the forefront of the industrial nations in recognizing the need for international economic and technical assistance to the developing countries, in creating programs to provide such assistance, in urging other industrialized countries to increase their aid efforts, in promoting the expansion of the burden-sharing multilateral assistance agencies. Private U.S. investment in developing countries has been encouraged and the system of international trade strengthened in recognition of the opportunities trade can offer as an engine of growth, especially for market-oriented economies.

This progress has also brought home to us the reality of problems that persist and affect us all ever more directly. We have learned that continued progress in Third World development is of growing importance to our own domestic and international well-being. In the past year public awareness of our interdependence has been highlighted by the Presidential Commission on World Hunger, the Brandt Commission, and the "Global 2000" study. The "Global 2000" report in particular presents a sobering picture of large-scale interrelated problems caused by population growth, energy scarcity, forest destruction with attendant soil and atmospheric effects, and pressure on food production capacity. The hunger commission focused on food production and effective demand for food, the constraints on growth, and the implications for development assistance and for the already vast numbers of hungry human beings in the poorer countries. The Brandt Commission stressed the wider framework of economic policies and institutions and the need to strengthen these policies and institutions if we are to have a chance of meeting the problems of the next two decades as effectively as we have the previous three.

Future directions in all these areas, and in the progress generally of the developing countries, will have direct impact on the well-being of the United States. U.S. exports to developing countries have been expanding much faster than exports to industrialized countries and now constitute about 40% of the total. About 6% of all American jobs in manufacturing produce exports to developing countries, while the harvest of one out of every four farm acres in the United States is shipped to the Third World. Our growing need for imports of raw materials from developing countries (of which petroleum is only one) is well known.

The entire planet's ability to sustain greatly increased numbers of people, to control atmospheric pollution, to produce sufficient energy, and to reduce stark disparities in income levels and employment opportunities that lead to heavy pressures to migrate to stronger economies, will depend on the rate of economic progress in the developing countries and the extent to which this progress is shared among the entire population. Failure to make acceptable progress in ameliorating conditions of poverty can only lead to domestic instability and increasing frustration on the part of Third World governments over the workings of the international system and the distribution of economic and institutional power in that system as it is now constituted. Such instabilities, as we know all too well, can quickly spill over into regional disequilibrium and create opportunities for interventions that are to the interest neither of the countries directly involved nor to ourselves

The decision to provide aid to a country is, of course, a key foreign policy decision. Successive Congresses and Administrations, beginning with Roosevelt and Truman and continuing with President Reagan, have recognized the importance to our foreign policy of a strong, broad-based foreign assistance program. The balance has fluctuated over the years between military and economic aid and between the meeting credits take into account this problem.

Finally, we are proposing an expanded IMET program of $2 million. This will help train about 250 officers.

Economic Assistance Program

President Sadat's commitment to political and economic programs of reform, development, and liberalization remains as strong as ever. From the very outset of his presidency, when he released many political prisoners, President Sadat has encouraged the development of democratic opposition institutions. Opposition parties are represented in the People's Assembly, and an opposition press contributes to a spirited dialogue on important domestic and foreign issues. A comparison of economic conditions prevailing in the mid-1970s and at the end of 1980 also demonstrates that good progress has been made in that field. In the mid-1970s, Egypt teetered on the edge of bankruptcy. In 1979 there was an overall balance-of-payments surplus; in 1980 this surplus probably was somewhat larger. A free foreign exchange market is flourishing, tariff barriers have been lowered, agricultural production has risen somewhat above the rate of population growth, and major construction projects are underway.

Foreign assistance, however, remains absolutely vital; without it there would have been no balance-of-payments surplus in the past 2 years. With nearly half of the population aged 15 or younger, and a population growth rate of close to 3%, problems lie ahead.

Inflation is a serious problem. Earlier in 1980, it was running at an annual rate approaching 40%. This problem, coupled with increasing consumer unhappiness over chronic food supply and distribution problems, led President Sadat to reorganize his government at midyear and personally to assume the Prime Minister's role. Since then, the government has attempted to deal directly with consumer discontent by broadened price controls and by increasing the food supplies in the markets. This effort has had some success; at year end, the rise in the consumer price index had eased sharply. Nevertheless, underlying inflationary pressures remain strong, and Egyptian officials, including the President himself, are well aware that trade-offs may have to be made between present consumption and future investment.

Egyptian economic policymakers confront a dilemma. The legacy of Egypt's experiment with economic centralism in the 1960s was an overstaffed and inefficient public sector industrial plant and a declining agricultural sector. The Egyptian consumer had been effectively insulated from the viccisitudes of world inflation for over a decade before the "open door" policy was announced at the end of 1974. That decision – to undertake a major economic liberalization by opening the economy to the free markets of the West and to allow domestic private enterprise to reemerge – meant unavoidable changes in patterns of equity. It also meant that consumers would be subjected to the pressures of rising prices at the very time that world inflation reached unprecedented levels.

Therefore, the Government of Egypt will be trying simultaneously to increase productivity and efficiency throughout the economy while preserving and protecting an historic commitment to a very high degree of economic equity and social justice. To undertake such a massive domestic effort at the time of a truly historic reorientation of its foreign policy marks the statesmanlike policies of the Government of Egypt and President Sadat.

To persevere, Egypt requires continuing support from the United States and the Western world. Our large ESF program of $750 million recognizes that need.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Hostage Agreements Transmitted to the Congress

After 444 days in captivity, the U.S. hostages in Iran were freed on January 20, 1981. Their release came after weeks of around-the-clock discussions between the U.S. team and an Algerian team, selected by the Iranian Government to act as intermediary in exchanges leading to the hostages' release. The agreements which eventually concluded the crisis were adhered to in Algiers on January 19–20, 1981, with Deputy Secretary Warren M. Christopher signing for the United States. These argeements were transmitted to the Congress by the Department of State on March 12, 1981, along with an explanatory statement summarizing the five documents.[1]

DEPARTMENT STATEMENT REGARDING DECLARATIONS OF THE GOVERNMENT OF THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA, THE UNDERTAKINGS OF THE UNITED STATES AND RELATED DOCUMENTS ADHERED TO AT ALGIERS, JANUARY 19–20, 1981

Explanation of Agreement

This agreement relates to the release of 52 U.S. nationals detained in Iran and to the settlement of claims between the United States and its nationals and the Islamic Republic of Iran and its nationals. The agreement consists of five principal documents:

(1) The Declaration of the Government of the Democratic and Popular Republic of Algeria (henceforth the "Algerian declaration").

(2) The Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran (henceforth the "claims settlement agreement").

(3) The Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran With Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria (henceforth the "undertakings").

(4) The Escrow Agreement.

(5) The Technical Arrangement Between Banque Centrale D'Algerie as Escrow Agent and the Governor and Company of the Bank of England and the Federal Reserve Bank of New York as Fiscal Agent of the United States (henceforth the "technical arrangement").

The **Algerian declaration** describes the overall principles underlying these agreements. It states that it is the policy of the United States not to intervene in the internal affairs of Iran, and it establishes a mechanism for the equitable settlement of claims between the United States and its nationals and Iran and its nationals. The declaration further establishes a procedure for the return to Iran of its assets currently held in the United States or by entities under U.S. control. The declaration finally describes the measures the United States will take with respect to assets of the estate of the former Shah of Iran and his close relatives.

The **claims settlement agreement** establishes the Iran-U.S. Claims Tribunal for the purpose of deciding (1) claims of U.S. nationals against Iran, (2) claims of Iranian nationals against the United States, and (3) certain claims of the United States and Iran against each other. The agreement provides a method for selecting the members of the tribunal. It also provides that all decisions and awards of the tribunal shall be final and binding and enforceable in the courts of any country.

The **undertakings** provide for the transfer of certain Iranian assets to a bank account in the name of the Banque Centrale D'Algerie and provide that when the balance in that account reaches at least $7.955 billion that Iran shall effect the safe departure of the 52 U.S. nationals detained in Iran. The undertakings provide for distribution of the funds in that account upon certification by Algeria that the 52 Americans have safely left Iran. A total of $3.667 billion has been transferred to the Federal Reserve Bank of New York to pay outstanding loans; $1.418 billion remain in an escrow account to pay outstanding loans as to which the amount owing may be in dispute; and the remainder in the account has been transferred to Bank Markazi Iran.

The **escrow agreement** implements the Algerian declaration and establishes an escrow account at the Bank of England in the name of the Banque Centrale D'Algerie as escrow agent.

The **technical arrangement** is a banking document which defines the responsibilities of the Bank of England with respect to the escrow agreement and provides for the transfer of funds pursuant to the other agreements.

Background Information on Negotiations

Efforts to obtain the release of the hostages in Iran began when the American Embassy in Tehran was seized on November 4, 1979. The direct steps leading to the signing of this agreement in Algiers on January 19–20, 1981, however, began on September 12, 1980, when Ayatollah Khomeini announced his four conditions for the release of the hostages. Shortly thereafter, the Iranian Parliament (Majlis) established a commission to draft a detailed statement of Iran's position on the hostage issue.

The Majlis, on November 2, 1980, approved a more detailed statement of conditions for release of the hostages and delegated to the executive branch the authority to implement these conditions. The Prime Minister chose to negotiate the issue through the Algerian Government as intermediary between Iran and the United States. Eight days later, on November 10, the first U.S. response to the Majlis resolution was delivered and explained to the Algerian negotiating team in Algiers.

On November 26, 1980, the Algerian team delivered a series of Iranian comments on the U.S. position; the U.S. response to these comments and requests for clarification was delivered to Tehran on December 4, 1980.

The Iranians presented their response to the U.S. clarifications to the Algerians on December 19, 1980; the Algerian team conducted discussions with U.S. officials in Washington from December 27–30, 1980. The U.S. response to that communication was delivered to Iran on January 3, 1981. Four days later, on January 7, 1981, a U.S. negotiating team, headed by Deputy Secretary of State Warren M. Christopher, arrived in Algiers to facilitate further exchanges. Negotiations continued between the U.S. team in Algiers and the Algerian team which was shuttling between Tehran and Algiers.

The overall agreement was entered into on the morning of January 19, 1981, and the final implementing arrangements were completed on January 20, 1981. At that point, the 52 U.S. nationals were released from Iran.

Effect of Agreement

The most immediate and obvious result of these agreements is that they effected the release of the 52 U.S. nationals who had been detained in Iran for 444 days from November 4, 1979, to January 20, 1981.

As a result of this agreement, an Iran-U.S. Claims Tribunal will be established to arbitrate claims—in particular, the large number of claims of U.S. nationals against Iran. The tribunal will consist of nine arbitrators unless the two governments agree on a larger multiple of three. The United States and Iran each appoint one-third of the arbitrators. The party-appointed arbitrators appoint, by agreement, the remaining third of the tribunal's members.

To implement these agreements, President Carter issued 10 Executive orders* on January 19, 1981, and President Reagan issued an 11th Executive order** on February 24, 1981.

In addition to directing the establishment of the escrow account described in the agreements (Executive Order 12276), President Carter also directed appropriate transfers of assets in the United States and assets held in U.S. banks overseas belonging to the Iranian Government (Executive Orders 12277–12281). President Carter revoked the trade embargo against Iran (Executive Order 12282) and placed restrictions upon transfer of property belonging to the former Shah of Iran (Executive Order 12284). A commission was established to study the issue of compensation for the U.S. nationals held in Iran (Executive Order 12285). President Carter additionally ordered the Secretary of the Treasury to promulgate regulations prohibiting claims against Iran relating to the seizure of the hostages and their subsequent detention (Executive Order 12283).

President Reagan issued Executive Order 12294 on February 24, 1981, suspending claims against Iran that may be presented to the tribunal and providing that during the period of this suspension such claims shall have no legal effect in any action now pending in U.S. courts.

Legal Authority

(1) U.S. Constitution, Article II, Section 2 (Executive Power) and (2) International Emergency Economic Powers Act (IEEPA) Section 202(a), 50 U.S.C. 1701(a).

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[1] For texts of the agreements, see BULLETIN of Feb. 1981.

[2] The Executive orders are printed in the BULLETIN of Feb. 1981.

[3] For text see BULLETIN of Apr. 1981. ■

metric tons of food. The U.S. Government intends to continue its support for refugee relief in Somalia within the framework of the ongoing needs of that situation.

Sudan is host to nearly 500,000 refugees, over 350,000 of whom are Ethiopians who have fled either the Socialist revolution or widespread ongoing strife in their home country. Tens of thousands of Ethiopian refugees have crowded into many of Sudan's cities while another even larger group is concentrated in the rural areas of Sudan along the Ethiopian border. In addition to the Ethiopians in Sudan, nearly 100,000 Ugandans are living in the eastern Equatoria province near the Uganda and Zaire borders.

Zaire's already large refugee population grew during the last quarter of 1980 when tens of thousands of residents of the West Nile district of Uganda fled disturbances in that area and joined the 54,000 Ugandan refugees who had come to northeastern Zaire in 1979. A recent U.S. Government study estimated a current total of 80,000–100,000 Ugandans living in northeastern Zaire but found that the refugees frequently move back and forth across the border to acquire food and to escape military or rebel harassment on both sides. In addition to the Ugandans, Zaire is host to approximately 400,000 other refugees, mostly from Angola.

Following the outbreak of fighting in Ndjamena in March 1980, much of the population of that city fled across the river to Kousseri, a small village in northern Cameroon. Approximately 80,000 Chadian refugees in Cameroon are still in need of relief assistance.

International Conference

Africa's refugee problems will be at the forefront of the world's attention next month when an international conference for assistance to refugees in Africa meets in Geneva April 9–10. The conference, which is in response to a General Assembly resolution calling for increased assistance for Africa's refugees, is jointly sponsored by the U.N. Secretary General's office, the U.N. High Commissioner for Refugees, and the Organization of African Unity (OAU). It is expected that a large number of European and African countries will be represented at the ministerial level or above. The composition of the U.S. delegation will be announced in the near future.

The United States has supported the idea of the conference since its inception and views the success of this conference as an important aspect of our policy toward Africa in general and toward refugee relief in particular. Accordingly, for the past few months we have lent our support to efforts to insure that the conference will satisfy the purposes of the recipient and the donor countries alike. These efforts have included discussions with African governments and the OAU, the European Community, the Development Assistance Council of the Organization for Economic Cooperation and Development, the U.N. Secretary General's office, and the High Commissioner for Refugees. We feel confident that these efforts have been worthwhile, and we are looking forward to the conference in Geneva as an opportunity to express to the African governments and the world community our concern over the plight of African refugees and our support for international efforts to assist them. We intend to announce a level of U.S. assistance at the conference which will be supportive of the needs of African refugees. It is our hope that the conference will serve to encourage other donors also to contribute generously to African refugee relief.

Future Concerns

A look to the future for improvement in the current refugee situation in Africa is not encouraging. Signals in certain parts of Africa, and the African security situation in general, are unsettling to the point where we would be unwise not to anticipate future needs. A disturbing proof of this trend is that, over the past few years, the number of African refugees assisted by UNHCR programs has grown from 700,000 to over 3 million. It is uncertain when this alarming expansion will cease.

Given the current conditions and the outlook for the future, it is essential that the channels of communication which have developed over the past year remain open and that close collaboration with all interested parties continues. The role of our office in this process has developed significantly since we last testified before the Africa Subcommittee. We will continue to look to the Congress for support and assistance on these important issues.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S Government Printing Office, Washington, D.C. 20402.■

FY 1982 Security Assistance Requests

Statements by James L. Buckley, Under Secretary for Security Assistance, Science, and Technology on March 19, 1981, and Richard R. Burt, Director, Bureau of Politico-Military Affairs, on March 23, 1981, both before the Subcommittee on International Security and Science Affairs of the House Foreign Affairs Committee.[1]

UNDER SECRETARY BUCKLEY, MAR. 19, 1981

I appreciate this opportunity to appear before the subcommittee in support of the Administration's legislative and budgetary proposals for security assistance in fiscal year 1982. I would like to stress at the outset that this Administration regards all of our foreign assistance programs as important instruments of U.S. policy abroad. Both security and development assistance serve our long-range interest in stability and in encouraging an international environment conducive to peaceful change. If the increases we are recommending for FY 1982 development assistance over the levels available in this fiscal year are relatively modest in comparison to those we are seeking for security assistance, this should not be construed as any loss of faith in the value of these programs. Rather, it stems from our view that there is an immediate and pressing need to increase the security assistance resources this country is making available to its friends and allies.

Before turning to the details of our security assistance request, I would also like to note that this Administration believes there has been a tendency in the past to overemphasize the differences between security and development assistance and to lose sight of their common goals. Insufficient coordination at times resulted in foreign assistance not being employed in the most effective manner to support our foreign policy and national security interests. To remedy this situation, Secretary Haig has asked me to assist him in providing overall policy guidance for foreign assistance and to insure that all assistance funds and programs are being employed to our best advantage. To this end, I will coordinate for the Department of State both security assistance and development assistance resource allocations. I will be working closely with the Under Secretary for Economic Affairs who has specific responsibilities in the economic assistance area. This afternoon, however, in accord with your invitation, I am here to discuss the security assistance program.

General Framework

In his appearance yesterday before the full committee, Secretary Haig emphasized the importance which this Administration attaches to security assistance as an integral component of our global defense posture and as a key instrument of our foreign policy [see Current Policy No. 264]. In so doing, he underscored the increasing challenges which the Soviets and their clients have posed to our most important interests–in Southwest and Southeast Asia, Africa, and Central America. Clearly these challenges, as well as those evidenced in the unparalleled buildup of Soviet conventional and nuclear forces over the past decade, cannot go unanswered. To meet these challenges, however, we must not only strengthen our own military forces; we must also give urgent attention to the security requirements of our friends and allies, whose strength and support constitute major pillars of our own security.

Security assistance programs contribute directly to the security of the United States in a number of specific ways.

- They bolster the military capabilities of our friends and allies, permitting them in some cases to undertake responsibilities which otherwise we ourselves might have to assume. Greece and Turkey are examples of countries whose military forces carry out duties which are crucial to U.S. security interests, such as contributing to a strong NATO southern flank and stability in the eastern Mediterranean.
- They contribute to the broad cooperative relationships we have established with many nations which permit either U.S. facilities on their territory or access by U.S. forces to their facilities in time of threat to mutual interests. U.S. defense expenditures would be immeasurably higher if we did not have overseas facilities available for emergency situations.
- They help our friends and allies provide for their own defense and furnish tangible evidence of our support for their independence and territorial integrity, thus deterring possible aggression. For example, the prompt and effective assistance we were able to provide Thailand last year undoubtedly helped bolster Thai resolve in the face of the Soviet-supported Vietnamese forces arrayed along that country's eastern frontiers. This was a signal which was not lost on either friend or foe.
- They provide a means of demonstrating U.S. constancy and willingness to stay the course in support of nations whose continued survival constitutes a basic purpose of our foreign policy. Strong and unwavering support for the independence and security of Israel has been a hallmark of U.S. policy from administration to administration.
- They help alleviate the economic and social causes of instability and conflict. This is particularly important for countries whose necessary military expenditures would otherwise impose severe strains on their economies.

It is within this context, then, that the Administration has cast its FY 1982 security assistance requests. Because of the direct relationship of these programs to U.S. security interests, we believe that they must be viewed as an extension of our defense programs and that they should enjoy the same high-priority funding. As a result, we are recommending significantly increased security assistance programs and funding levels over both the previous administration's request and the FY 1981 levels for these programs.

As in previous years, our FY 1982 budget request will fund five major programs: foreign military sales (FMS) financing, the economic support fund (ESF), the grant military assistance program (MAP), the international military education and training (IMET) program, and peacekeeping operations. Since Department officials representing our regional bureaus are already appearing before appropriate subcommittees in support of individual country program requests, I propose this morning to emphasize the overall scope and purposes of our requests on a program-by-program basis. In addition, I would like to draw your attention to several new features in the budget request and a number of changes which we are recommending in legislation governing these programs in order to improve their effectiveness in furthering our national interests.

FY 1982 Budget Request

For FY 1982, the Administration is requesting authorizations of appropriations of $4.3 billion to finance security assistance programs totaling $6.9 billion. This represents a total program increase of 8.4%, and a budget authority increase of 27% over the previous administration's request. As compared to FY 1981 levels, our request constitutes an increase of 30% and 57%, respectively, in program and budget authority.

Foreign Military Sales Financing. Foreign military sales financing assists countries in which we have a security interest to meet their legitimate defense needs through the acquisition of needed defense articles and services, including training. For FY 1982 we are requesting an appropriation of $1.48 billion to support a total FMS financing program of $4.05 billion, to be furnished to 38 countries and to provide for one regional program, as compared to an FY 1981 program of $3.05 billion for 35 countries. New programs are proposed for Yemen, Djibouti, Portugal, the Bahamas, and the eastern Caribbean.

The proposed FY 1982 FMS program consists of three major elements:

- $2.573 billion which would be extended in the form of loans from the Federal Financing Bank with repayment guaranteed by the Department of Defense. No new budget authority is required for such guaranties.
- $500 million in FMS credits for Israel (for which $500 million in budget authority is requested) on which repayment would be forgiven; and
- $981.8 million for FMS credits to 15 countries and one regional program at reduced interest rates (for which an equal amount of budget authority is requested).

Direct Credits. Before describing the major FMS country programs which would be funded from this request, I would like to discuss briefly the need for FMS credits at reduced interest rates. As the Congress is aware, FMS financing was largely conceived as a means of to respond in FY 1980 to Barbados' request for coastal patrol and army equipment, but the Barbados Government informed us it could not afford the standard FMS credit terms. For FY 1982, we will mix both guaranteed loans and direct credits to achieve an intermediate interest rate for Barbados. For the even smaller states in the area, even these terms are beyond their means; direct, concessional credits in FY 1982 are crucial to meeting their needs.

We are also proposing a major increase in FMS for the Dominican Republic to $7 million including $4 million of direct credit. We have been working with this democratic country on a program to introduce some modern equipment to begin replacing the U.S. arms acquired 20 to 30 years ago. A small $1 million FMS program is proposed for the Bahamas which has recently established a defense force.

South America

Our commitment to our close and important friends in South America is not lessened by the emphasis we are giving to the Caribbean Basin. The most serious South American development problems are in the Andean countries. Peru, Ecuador, and Bolivia all have mineral reserves which boost their long-term prospects, but they are now trying to cope with chronic economic problems, including serious unemployment and rapid population growth. All have per capita incomes less than one-tenth of our own. These problems contribute to instability and stimulate narcotics trafficking.

The assistance we are proposing builds on existing bilateral and local efforts. Development assistance programs in FY 1982 total $11.6 million for Ecuador and $30 million for Peru. In Ecuador, President Roldos has initiated an extensive development program. In Peru, President Belaunde's plans focus on developing economically deprived areas and significantly expanding employment.

We have FMS programs for only three countries in South America – Colombia, Ecuador, and Peru. The programs for Peru and Ecuador, each of which is proposed at $6 million, are modestly larger than the FY 1981 programs. The proposed $12.7 million program for Colombia remains at the FY 1981 level. Small new IMET programs are also being proposed for Venezuela and Brazil, in keeping with the recommendation of the conference committee on the FY 1981 foreign assistance authorization bill which we fully support.

Finally, the Administration is recommending repeal of the provision in Section 620B of the Foreign Assistance Act, which prohibits all military sales and assistance to the Government of Argentina. Although we are proposing no assistance for Argentina in FY 1982, the strategic interests we share with Argentina require that we have the flexibility to consider sales of defense articles and services if that would be in our interest.

Conclusion

In conclusion, I would like to stress again the importance of the proposed ESF contingency fund to our efforts to strengthen both security and development. Events in the past 2 years in this hemisphere, particularly in El Salvador and Jamaica, have tested our ability to move quickly with economic support funds to meet rapidly changing situations. With the cooperation of Congress, we have done relatively well, but often by sacrificing important objectives elsewhere. The $250 million ESF contingency fund this Administration is requesting is essential to enable us to respond more rapidly to critical situations where reprogramings may prove insufficient or counterproductive.

Regarding security, the total FMS assistance we are requesting, $81.5 million, is an increase of 27% over our FY 1981 budget. But more important than the increase is the tailoring of FMS terms to economic needs; $31 million dollars of the FMS request is for the very important direct credits on concessional terms – at not less than 3% interest and up to 12 years repayment. Even so, the total FMS request for Latin America is but 2% of our worldwide FMS request proposal and falls substantially below the program levels for the region in the mid 1970s.

Finally, let me emphasize the importance of the international military education and training program. The number of Latin American students trained under IMET reached an all-time low in FY 1980, less than half the average annual level of the 1970s. Thanks to the change that this subcommittee initiated in the FY 1981 legislation providing for incremental costing of IMET, we hope to turn that statistic around this year. We are requesting $11.1 million in FY 1982, an increase of 22% over our 1981 request. Even with the ability to provide more training per IMET dollar, we need more dollars if we are to meet the training needs of the region and preserve the capacity to cooperate with our neighbors on shared security interest.

Compared to the stakes in Latin America, we are not asking for much in the way of assistance. Carefully targeted, the small amounts we are requesting can have a significant impact and provide concrete evidence of our commitment to the development and security of our closest neighbors.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Economic Assistance to El Salvador

DEPARTMENT STATEMENT, MAR. 24, 1981[1]

The Administration has approved proceeding with reprograming of an additional $63.5 million in economic assistance to the Government of El Salvador for FY 1981. This assistance is urgently needed to help the government deal with the economic situation, especially to finance essential imports of food and of agricultural chemicals and industrial materials for the private sector.

With this additional aid we will be providing a total of $126.5 million in economic aid this fiscal year, over three times our military aid.

In keeping with the Administration's commitment to hold down expenditures, we intend to provide the additional $63.5 million through reprograming rather than by supplemental appropriations. We are working out the precise details of reprograming of PL 480, development assistance, economic support funds, and other credits. We will be consulting with the Congress and other governments as implementation proceeds.

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[1] Made available to news correspondents by acting Department spokesman William J. Dyess. ■

Current Actions

MULTILATERAL

Agriculture
Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980.
Ratifications deposited: Ecuador, Jan. 30, 1981; Nicaragua, Feb. 12, 1981.

Antarctica
The Antarctic Treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780.
Accession deposited: Italy, Mar. 18, 1981.

Aviation, Civil-Navigation
Amendment of annex I of the 1956 agreements on joint financing of certain air navigation services in Greenland and the Faroe Islands and in Iceland (TIAS 4048, 4049). Adopted by the ICAO Council at Montreal Dec. 16, 1980. Entered into force Dec. 16, 1980.

Collisions
Convention on the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accessions deposited: Guinea, Jan. 19, 1981; Maldives, Jan. 14, 1981.

Commodities – Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 24, 1980.[1]
Signatures: F.R.G., Mar. 10, 1981; Ireland, Philippines, Feb. 24, 1981; Malawi, Zaire, Mar. 17, 1981.
Ratification deposited: Indonesia, Feb. 24, 1981.

Conservation
Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Ratification deposited: Argentina, Jan. 8, 1981.[2]
Accessions deposited: China, Jan. 8, 1981; Rwanda, Oct. 20, 1980; Suriname, Nov. 17, 1980;[2] Zambia, Nov. 24, 1980.[2]

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Bonn June 22, 1979.[1]
Acceptance deposited: Botswana, Nov. 19, 1980; F.R.G., May 7, 1980; Liechtenstein, Apr. 21, 1980; Mauritius, Sept. 23, 1980; Togo, Jan. 5, 1981; U.K., Nov. 28, 1980.[3]

Consular
Optional protocol to the Vienna convention on consular relations (TIAS 6820), concerning the compulsory settlement of disputes. Done at Vienna Apr. 24, 1963. Entered into force Mar. 19, 1967; for the U.S. Dec. 24, 1969. TIAS 6820.
Accession deposited: Malawi, Feb. 23, 1981.

Containers
International convention for safe containers (CSC), with annexes. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037.
Ratification deposited: Canada, Feb. 19, 1981.

Cultural Property
Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Adopted at Paris Nov. 14, 1970, at the 16th session of the UNESCO general conference. Entered into force Apr. 24, 1972.[4]
Acceptance deposited: Peru, Oct. 24, 1979.

Customs
Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978.[1]
Accession deposited: Czechoslovakia, Feb. 25, 1981.

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 4, 1970. TIAS 7063.
Accession deposited: Brazil, Jan. 19, 1981.

Energy
Implementing agreement for a program of research and development on radiation damage in fusion materials, with annexes. Done at Paris Oct. 21, 1980. Entered into force Oct. 21, 1980.
Signatures: Canada, European Atomic Energy Community, Japan, Switzerland, U.S., Oct. 21, 1980.

Implementing agreement for a program of energy technology systems analysis, with annex. Done at Paris Nov. 13, 1980. Entered into force Nov. 13, 1980.
Signatures: Australia, Belgium, Commission of the European Communities, Denmark, F.R.G., Italy, Norway, Sweden, Switzerland, U.S., Nov. 13, 1980.

Implementing agreement for the establishment of the economic assessment service for coal, with annex. Done at Paris Nov. 20, 1975. Entered into force Nov. 20, 1975. TIAS 9775.
Signatures: Australia, Sept. 26, 1980; Japan, Sept. 24, 1980.

Implementing agreement for a program of research and development on the production of hydrogen from water, with annexes. Done at Paris Oct. 6, 1977. Entered into force Oct. 6, 1977.
Signature: U.K., Sept. 23, 1979.

Implementing agreement for the establishment of the biomass conversion technical information service. Done at Paris May 24, 1978. Entered into force May 24, 1978.
Signatures: Italy, Dec. 4, 1979; Japan, Sept. 24, 1980; New Zealand, Oct. 5, 1979; Switzerland, Nov. 21, 1979.[5]

Implementing agreement for a program of research, development, and demonstration on forestry energy, with annex. Done at Tokyo Apr. 13, 1978. Entered into force Apr. 13, 1978.
Signatures: Switzerland, July 17, 1980; U.K., Apr. 10, 1980.

Implementing agreement for a program of research, development, and demonstration on enhanced recovery of oil, with energy. Done at Paris May 22, 1979. Entered into force May 22, 1979.
Signatures: U.K., Feb. 1, 1980

Implementing agreement for a program of research, development, and demonstration on hot dry rock technology, with annex. Done at Paris Sept. 18, 1979. Entered into force Oct. 1, 1979.
Signature: Japan, Feb. 23, 1981.

Implementing agreement for a program of research and development and demonstration on energy conservation in the pulp and paper industry, with annexes. Done at Paris Feb. 18, 1981. Entered into force Feb. 18, 1981.
Signatures: Belgium, Canada, Japan, Netherlands, Norway, Spain, Sweden, U.K., U.S., Feb. 18, 1981.

Supplement to the implementing agreement of Oct. 6, 1977, for the establishment of a project on small solar power systems, with annex. Done at Paris May 22, 1979. Entered into force May 22, 1979.
Signature: Italy, Jan. 19, 1980.

Implementing agreement for a program of research and development on energy conservation through energy storage, with annex. Done at Paris Sept. 22, 1978. Entered into force Sept. 22, 1978; for the U.S. Feb. 21, 1979.
Signature: Belgium, Oct. 16, 1979.

International Court of Justice
Declarations recognizing as compulsory the jurisdiction of the International Court of Justice under Article 36, paragraph 2, of the Statute of the Court.
Declaration deposited: Malta, Jan. 23, 1981.

Labor
Instrument for the amendment of the constitution of the International Labor Organization. Done at Montreal Oct. 9, 1946; reentered into force for the U.S. Feb. 18, 1980.
Accession deposited: Equatorial Guinea, Jan. 30, 1981.

Instrument for the amendment of the constitution of the International Labor Organization. Done at Montreal Oct. 9, 1946. Entered

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Japanese Prime Minister Suzuki
and President Reagan.
(White House photo by Mary Anne Fackelman)

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Atlas of United States Foreign Relations: International Organizations

A. I would suggest to you that I would never make it a habit in a public forum to discuss whatever discussions may have been underway in diplomatic channels between ourselves and the Soviet Union. I think it's a counterproductive practice, and I intend to avoid it. I have in the past. So I'm sorry to flick your question away so unceremoniously.

Q. Four American women missionaries were murdered in El Salvador last December. Their families have become increasingly impatient about some report of what happened, and some of them are charging U.S. complicity in a cover-up of the crime. Can you tell us when we might expect some information about what happened to those women on a road that was entirely controlled by forces of the government we are supporting in El Salvador?

A. I think I would want to make the point, and make it very clearly and unequivocally here, that this government, the United States, has been actively working on this problem as diligently as I think human capabilities would permit.

We've had the Federal Bureau of Investigation in El Salvador, helping the Duarte government with respect to this investigation. There has been some progress. That cooperation between our Justice Department and the Federal Bureau of Investigation continues today.

Our charge there, Mr. Chapin, has been actively engaged in this matter on a daily basis and reports almost weekly or daily to us on this. I will just suggest to you that there has been progress. This is an anguishing problem. I wouldn't want anyone to believe for a moment that this Administration either favors, would harbor, or would even evidence a modicum of sympathy to excesses or extremes from either the right or the left in El Salvador.

Q. Why is it taking so long?

A. I think you might ask the same questions about the situation in Atlanta, equally dreadful or even more so. These are complex and difficult problems. And I know that you will give this the objectivity that has characterized your approach to these matters. [Laughter and applause]

Q. I hope I'll always be as fair as you've been when you've complained—[Laughter and applause]

Q. You mentioned in your speech the effort to find common approaches to the Middle East. And you, in your trip and utterances before then, have spoken of the urgent importance of a consensus of strategic concerns in the Middle East area between Arabs and Jews.

Now this sale of aircraft and other things, AWACS [airborne warning and control systems], to Saudi Arabia seems to have polarized into a repeat of the 1978 battle here over another Saudi sale. Given this situation, did the policy formation process contribute to the struggle that we now seem to have in prospect in Washington, or was it inevitable? And, given the developments now, can you pull off this Saudi sale without severely damaging the basis for one end or the other of the U.S. alliances in the Middle East, either the Saudi end or the Israeli end? And what happens if you don't pull it off at all?

A. That is a very, very important question and one which reflects a great deal of thought. And, indeed, it would take another 30 minutes to answer it in the detail that it deserves.

But let me suggest that with respect to the earlier assurances given by the Carter Administration on the situation and the provision of arms to Saudi Arabia: That commitment and that assurance—it wasn't really a commitment—that assurance was given at a time when the strategic situation in the Middle East was fundamentally different than it is today. We've witnessed a number of very traumatic events in the intervening period: the collapse and fall of the Shah of Iran, the Soviet double intervention in Afghanistan, the increasing difficulties in southern Yemen emerging from the Horn of Africa, and a whole new set of security threats to the nations of the region.

So there are grounds for reassessing. That reassessment was made by the Carter Administration just prior to the inauguration. They had concluded with some nuances of difference on the aerial surveillance capability that they would proceed to seek this enhancement of Saudi capability.

They asked us at the time whether or not we would support them in their movement to the Hill. We asked them not to do so because we felt since we were going to have to carry this burden, we would like to make the decision, we would like to introduce it and bear the burden of seeing it through. I think that was the correct decision.

In the meantime, this issue has raised a great deal of concern in Jerusalem—understandable I must say. Some of it is a reflection of a lot of misinformation and exaggeration in terms of capability of the system. There has been no decision as to when we are going to proceed with this decision—taking it to the Hill, if you will. Senator [Howard] Baker just returned from his own assessment in the area, and I spent some hours with him this week, and he spoke to the President about it yesterday.

We are in the process now of looking at the technical arrangements and the modalities for the transfer of the system. And I would suggest that it would be wise and prudent not to prejudge this situation and draw the kinds of conclusions your question asks for until this process has been completed and until we see precisely what we're dealing with and not deal with what are now still a number of phantoms. That's a joke. [Laughter]

Q. I'd like to follow up on that question regarding the AWACS decision. In the early 1970s, we were told that the arms sale program to Iran would stabilize the region, hold down oil prices, and provide a pillar of strength in the Persian Gulf. Now we're being told the same thing about the arms sales to Saudi Arabia. If it didn't work in Iran, why should we think it will work in Saudi Arabia?

A. I would suggest that the premises of your question also suggest a course of action in Iran that I do not believe the Reagan Administration would have pursued. And I leave my answer very brief to suggest to you—nor would a similar situation that we saw in Iran occur in this Administration in Saudi Arabia.

Q. It may have occurred to you that some of your problems with the White House might be eased if you were to repeat the statement made by another famous political general. Do you remember what General Sherman said about the Presidency? If nominated, I will not run; if elected, I will not serve. Would you welcome an opportunity to say that now before us?

A. Almost increasingly, with every passing hour. [Laughter] Let me suggest something to you because you asked a serious question as you always do. [Laughter] Would anyone in his right mind choose the course of Secretary of

State as a path to the White House? I don't think so. And I can assure you in my case that was never a consideration. I'm proud to be the Secretary of State of the United States of America. [Applause] And I'm proud to serve President Reagan, and I will do so just so long as he wants me here and I feel I can make a constructive contribution. I'm not here for political objectives.

Q. It has been suggested that the normal balance between the Department of Defense and the Department of State has been disturbed in that the Defense Secretary has been openly making statements on foreign policy. And to use a specific example: in the recent decision to provide AWACS planes to the Saudi Arabia aid package. Would you agree that such a disturbance has occurred? When you accepted your appointment, you said you alone would articulate foreign policy for the President.

A. I suppose I could fumble through a response and it won't change your mind one way or the other if you perceive there are any problems between Cap Weinberger and myself. Let me assure you, there are no problems.

I meet weekly with Cap for breakfast. We talk daily on the telephone. I have the utmost confidence in Cap's ability to do the job he's been brought here to do, and I am extremely comfortable with the way he is doing it. In fact, I stand back in awe and admiration.

When you get the questions of national security, of course, there are always interface areas of complexity and difficulty. And I suppose with maturity we'll get a little better at sorting those out. I can assure you, Secretary Weinberger and I are in total agreement in everything he does and says. If I felt otherwise, I would tell him so, and I would expect him to be as frank with me. So I'm sorry, I can't help you with that answer.

Q. I made a quick note about something you said in your speech, and that was, I believe, that our allies should be made aware of the benefit of our friendship—of the friendship of the United States.

And I wonder—harking back to what the Canadians did in a very heroic effort to bring some of our American Embassy people out of Tehran, which caused some risk and jeopardy to their own Embassy there, and since then we have continued the years of haggling with the Canadians over fishing rights treaties and other things—how you would explain to the Canadians the benefit of our friendship in view of their historic and heroic efforts in our behalf?

A. I just recently had the opportunity to do just that along with the President in our recent visit to Canada, a visit that I think was marked and characterized by the greatest cordiality and mutual respect and elegant dialogue from start to finish. And that's not always been the case in the recent past, as you will recall.

Because of the intimacy that we enjoy with our northern neighbors and the great interfaces across the entire spectrum within the relationships between states—commercial, economic, social, cultural, financial, energy of course—there would be, from time to time, very vexing differences of approach. And one of those is the northeast and also recently has been the western problem. The western problem's been largely solved, thanks to patience and careful and mutually patient activity on the part of both governments.

In the northeast we are still somewhat torn because of the inability of this Administration to have supported in the Congress arrangements which our Canadian neighbors might have reason to anticipate would go through in terms of treaties. We are working on that problem daily, and I can tell you progress is being made. And, while I can't speak for our Canadian partners—I wouldn't presume to do so—I would say that the dialogue and relationships between our two governments have never been better.

Q. Your speech gives the detailed statement of your foreign policy goals and attitudes. Apart from a reference to European nuclear arms control, you made no reference at all to general arms control negotiations with the Soviet Union—that is, an extension of SALT—which at one point was a centerpiece of foreign policy for several Democratic and Republican Administrations. Would you please explain the omission?

A. I suppose you could—in a speech of about 20 minutes of the character of this one which was more philosophic rather than operational in terms of framework—find a number of omissions that would disturb one advocate or another of a particular point of view.

So the only way to answer the question for you is to go directly to the question you've asked, and that is the policies of the Reagan Administration with respect to arms control in general. You'll note I didn't talk about human rights or nonproliferation or a number of other things, equally important from my point of view, in my speech.

I would suggest this: that President Reagan has reiterated repeatedly his support for an equitable, balanced arms control agreement with the Soviet Union. I think he has also suggested that he not only seeks control and limitations of these arms but he is a strong advocate for reduction in the levels of strategic armament between East and West.

We are in a process today in this Administration of assessing the full range of possibilities in this area. We are doing so in the context of the broad approach that I did touch upon in my speech, and that is a recognition and a day-to-day assessment of corresponding international Soviet behavior throughout the world.

In recognition of the fact that we have had a SALT II agreement which fell on the rocks, not just in Afghanistan, but probably on the rocks of its own substantive inadequacy which would have not sustained it favorably in the U.S. Senate with or without an Afghanistan.

So we are assessing the former approach under SALT II. We are assessing other approaches that might be more hopeful and more realistic in the context of reductions. We are looking at possibly functional arms restraint approaches. And, at the proper moment, we will be prepared to enter into negotiations with the Soviet Union on limitations.

I hope I've answered your question. I'm sorry I belabored it, but I will accept the lumps that if it wasn't in the speech, it wasn't in the speech intended to include that subject.

Q. You contrasted the broad thrust of American policy with the Soviet Union in terms of peaceful resolution of disputes. Why have you asked for a repeal of the Clark amendment, and what are your intentions toward Jonas Savimbi [President, National Union for the Total Independence of Angola] in Angola?

A. We have, at the outset of this Administration, put together a number of what I call disabling legislative restraints on the conduct of American foreign policy by the President of the United States.

And I am very hopeful, though I am yet unable to express optimism, that there will be a return to restraint and law and order and sanity.

Q. Is Israel to be compensated in any way in terms of military hardware, or anything like that, for the supply of the AWACS to Saudi Arabia?

Secretary Haig: I think there's been a great deal written on this subject. I do not like to use the term "compensation." I like to focus on the U.S. objective to insure that Israel maintains its current qualitative edge and the long-term adherence of the United States to that objective. As you know, there have been a number of measures under discussion publicly. But I do not like to use the term "compensation." It has an overtone which does not characterize U.S. objectives with respect to it.

Q. There will be an increase, I take it, whether compensating it or not, perhaps that is what the Prime Minister was referring to?

Prime Minister Begin: I suppose that the last word belongs to the Secretary of State. Yet, because you need a certain expression, I would like to say that I share completely and, therefore, I think, deliberately, to answer this question as well. I share completely the view of the Secretary of State, that the word "compensation" is completely out of order. I don't think "compensation" is possible, but in the Middle East, there is going on an arms race—many countries, the Soviet Union, and also Western countries sent massive armaments, sophisticated weapons to the Middle East, the Arab countries. We live in peace with Egypt. We believe the Peace Treaty will hold on—will be lasting. This is the assurance given also to the Secretary of State by President Sadat. You have it, of course, through me. But other countries are in a state of war with Israel, and Israel is in permanent danger, and therefore, Israel should be strengthened. And I do hope it will be strengthened. But no problem, and no term of "compensation" is at all usable.

DEPARTURE REMARKS, AMMAN, APR. 7, 1981[6]

First, I regret that my very full schedule here and the press of time have prevented a full press conference with you. I do want to, in departing Jordan, emphasize that the talks I had with His Majesty King Hussein, His Highness Crown Prince Hassan, and the distinguished Foreign Minister have been far-ranging and have been extremely helpful. They've been frank in the Western sense of that term.

They have involved regional matters, bilateral matters, and global matters as well. And I think on the broad strategic and regional matters the American side has been very impressed that there is an essential convergence of view between the leadership here in Jordan and our own views in Washington.

The continuing devotion of King Hussein and the Jordanian Government to the achievement of a just and lasting peace in the area is in full harmony with the objectives of my government. There are different ideas about how best to reach these noble goals. Indeed, one of my principal aims during this visit was to exchange views with His Majesty on these very, very important subjects.

I leave Jordan with a continuing deep admiration for His Majesty, the government, and the people of this wonderful country. We Americans have long enjoyed the close and friendly relationship with Jordan. The King himself is one of our oldest and most trusted friends in this area of the world. And I look forward to a new period of a strengthening, if you will, of the bilateral relationships between Jordan and the United States and to strengthen the bonds which have served both of our nations so well in this region for such an extended period. Again, I thank you for your hospitality and your courtesy.

DEPARTURE STATEMENT, RIYADH, APR. 8, 1981[7]

I would like to make a formal departure statement summarizing the impressions and results of this very wonderful visit here in Saudi Arabia.

His Majesty King Khalid has been most gracious in receiving me, and I am very grateful for his kindness and for the kindness of his officials here—the Foreign Office, the Foreign Minister, the meeting we've had with other distinguished officials of the Government of Saudi Arabia. This visit has made me deeply appreciative of the Saudi Arabian warm hospitality from the very moment we arrived to the moment of departure. Your dedication to building a better world and the wisdom of your leaders are qualities for which your country is most famous.

President Reagan sent me here to discuss our mutual concerns about the threats to security of the region and to exchange views on ways to advance the cause of peace in the Middle East. Our dialogues have yielded fresh insights on both of these issues, and the conversations were most cordial, productive, and in true friendship, most frank in the spirit of the longstanding and close ties between the United States and Saudi Arabia. The views expressed to me here will be of great benefit to President Reagan as he considers our policy toward the Middle East.

We've also benefited from the Saudi perspective on other matters including the welfare of the gulf area and international economic situation. A clearer picture has emerged of the ways whereby we might achieve our common goals of both peace and prosperity.

Above all, I believe that the foundation has been laid during this trip for the strengthening of U.S.-Saudi relations. And this in turn will contribute significantly to our mutual security and that of the entire region. In conclusion, Your Royal Highness, I would like to thank you personally again for the wonderful and constructive character of our visit here.

Q. Do you still believe in the Camp David agreement after your visitation with the Saudis?

A. I think we've had the benefit here as we assess the future of the peace process itself, to consider the views of our Saudi friends. As you know, the process has been underway, and we are going to continue with that process and with a view toward being sure that we have the counsel of our friends in the area, and that includes, of course, very importantly the Saudi views. So this has been a very, very helpful exchange for us, as we sought to sharpen up and enlighten our own approaches to this historic and anguishing problem.

Q. I understand you're very troubled about the situation in Lebanon. Could you tell us if you raised that here, and if your Saudi counterparts have suggested any mutual action or actions?

A. We've had extensive discussion on the situation in Lebanon and, I think, a rather clear convergence of views on this subject with our Saudi hosts. And I think this morning we have some basis for increased optimism—a sign of forthcoming position from Syria which is an encouragement to us all. We know we will have to watch carefully and do our best to assist along with the other nations in the region which have a vital concern in this, and I would include concerting of our efforts with the Saudi Government. I think the situation looks somewhat better this morning thanks to a modified or new position which appears to be coming from Damascus. And we're very pleased with that.

Q. What is this new position of Damascus?

A. I think I would prefer not to complicate a process which offers great promise until it develops somewhat further.

Q. How are you going to handle what seems to be a contradiction that has developed on this trip—the Reagan Administration's perception of the Soviet Union as the primary threat to the Middle East and the Persian Gulf and what we've heard both in Jordan and in Saudi Arabia, countries that see Israel as the primary threat to the stability of the area?

A. Again, I want to emphasize that these are not contradictions; precisely the opposite. They are interrelated—mutually interrelated—problems as we have emphasized throughout each of our stops on this trip. We are not adopting any particular priority, in other words, to place the Soviet regional threats ahead of the urgency of progress in the peace process; not at all. What we have emphasized is that these are interrelated because clearly a failure to achieve progress in the peace process offers the Soviet Union troubled waters in which to fish. And, therefore, we seek progress in both, and progress in one contributes to progress in our ability to deal with the other.

Q. Does that mean you think you have achieved a strategic consensus?

A. I think we had no intention of annealing, if you will, or crystalizing a complete consensus. This is our first visit to the area; these were our first discussions. I must say that I am extremely gratified to find that an essential agreement in the broad strategic areas of concern to the region exists here in Riyadh with our own view. That does not mean that sovereign nations do not have differences of opinion as how best to proceed and deal with these matters. But I think the basic assessment is very, very close between the two nations.

DEPARTURE STATEMENT, ROME, APR. 8, 1981[8]

First, I want to emphasize what a great pleasure and delight it is to meet again with my old friend, Foreign Minister Colombo who, as you know, was the first Foreign Minister to visit the United States after the Reagan Administration came into office. I had an opportunity to give him a report on the excellent state of President Reagan's health, and we also had an opportunity to continue the very cordial and intimate discussions that we started in Washington some weeks ago.

I briefed him on our recent visit to the Middle East during which we focused on three objectives. The first was the establishment of a warm relationship with the leaders of the region in the four countries we visited—Egypt, Israel, Jordan, and Saudi Arabia. I noted that this objective was successfully accomplished and even exceeded our highest expectations. I noted that we also discussed in great detail the problem of external threats to the region from the Soviet Union and its surrogates. We achieved a substantial consensus on the importance of the peace process in the Middle East and the peaceful ultimate resolution of longstanding Arab-Israeli differences. In that regard I emphasized that these two objectives—concern about external aggression on the one hand and the need for progress in the peace process on the other hand—were not mutually exclusive; were not in competition with one another but were, instead, mutually reinforcing. Middle East peace—a high priority for U.S. policy—can best be achieved in a climate of overall security.

In the assessment I gave your Foreign Minister, we also discussed a number of other matters. We discussed the situation in Poland, of course, and other danger spots worldwide as well as the major threats to Western societies. And I want to emphasize that I expressed the full support of the American Government and President Reagan for the Italian Government's firmly held position of defiance to the blight of international terrorism. And I assured the Foreign Minister that the United States and Italy are united in our determination to eliminate this international blight. And I noted that—fortunately for all of us—Italy's institutions have well stood the test of a recent upsurge of international terrorism here and internationally as well.

NEWS CONFERENCE, MADRID, APR. 9, 1981[9]

Foreign Minister Perez Llorca and the Government of Spain have been most hospitable during my brief stop in Madrid. The audience so graciously granted to me by the King and the meetings with Prime Minister Calvo Sotelo and the Foreign Minister were extremely useful. They covered a broad range of issues of interests to both of our countries. We covered the results of my trip to the Middle East, we discussed events and affairs in the African Continent, bilateral relationships between Spain and the United States, and East-West relationships, especially Poland. All in all, I think we had a most constructive and valuable series of discussions. It gave me great pleasure to meet the Minister of Defense Oliart, and I was also extremely pleased to have met the Secretary General of the Spanish Socialist Party, Mr. Felipe Gonzalez. We had a lengthy and extensive discussion earlier this morning.

The promise of Spain's future in world affairs is equal to its luminous past. The United States welcomes Spain's increased international role and its every contribution to the solution of pressing problems that face all Western democracies. Spain has been an exemplary host to the Conference on Security and Cooperation in Europe, and I had breakfast this morning with the U.S. Senior Representative to that conference, Mr. Max Kampelman, which was also invaluable. Now I want to conclude my brief opening remarks with an important comment.

For over 5 years both Republican and Democratic Administrations in Washington have admired the growth of Spanish democracy. When the Cortes was seized illegally on February 23 and 24, the Spanish reaction to it confirmed the vitality of your own democratic institutions here in Spain. The United States and I, myself, are determined to continue our unflinching support for democracy in Spain as characterized by America's bipartisan policy in the past. It continues at present, and it will carry on unflinchingly in the future.

Q. During the course of your conversations with the Spanish authorities, have you discussed the possibility of stationing nuclear arms or allied arms on Spanish territory?

A. It has long been, as you know, American policy not to discuss such questions, but your question has no relevance to our discussions today.

fortable that I am doing what he hired me on to do; and that, after all, is the real measure of whether or not I fit into the team or have a style that may be abrasive to one fellow or another. Again, results are the current measure of effectiveness.

Q. You're in for the duration. Your sense is that that is what you want to do.

A. Of course. I didn't turn my life upside down to come down here. I only intended to make a brief try at it.

Q. On issues of straight substance now, at the very beginning of the Administration in relations with the Soviet Union, we heard a lot of things about the Russians cheating, lying, stealing, et cetera, and we don't hear that kind of a line now. It is not what one would call a very good relationship, but it isn't, at the same time, brutally antagonistic. What do you want out of that relationship? What would you like to see develop?

A. I think in the first instance, in order not to succumb to the leading aspects of your question, let me suggest that in the early weeks of this Administration, it was necessary and desirable for our Administration team, if you will, starting with the President, to make very clear what its world view was. And I think that has been very decisively and sometimes rather precisely outlined.

That doesn't have to be repeated on a day-to-day basis, and the very act of doing so can be counterproductive. With respect to the Soviet Union, we clearly view the Soviet Union as the major threat to vital American interests; not the only one but the major threat. And any suggestion to the contrary seems to me to be overlooking recent events around the world, indeed, events since the Second World War.

So the fact of setting that record straight is, obviously, a desirable aspect of our foreign policy. Does that mean that we want to adopt a mode of total brittleness, confrontation, and isolation of the Soviet Union? Not at all. We want them to be on notice that when they abide by the accepted rules of international law, they will find a willing and welcome partner here in the United States, and they will enjoy the benefits of trade and credit and technology transfer and perhaps some reduction in levels of armament that both sides feel compelled to maintain today.

But we're a far cry from having achieved that millennium, if you will, and that's going to be the task in the weeks and months ahead, and it's going to require dialogue between ourselves and the Soviet Union. Above all, it's going to require American policies which are willing to stand up to these challenges as they develop day-to-day, as we have had to do in El Salvador.

Q. There has been a great deal of talk about the possibility of Soviet intervention in Poland. It hasn't happened yet; maybe it won't happen. Why do you think it hasn't happened just yet?

A. I think basically because the Soviet leadership knows that the price of such an intervention would be almost incalculable from their point of view. In the final analysis, however, they're going to do what they think is necessary for their vital interests. This is what makes nations tick.

I think the activities of the allied nations in early December may have had an impact on what was clearly a decision to desist after building up substantial force capabilities to intervene.

Q. They were on the edge of intervention; then it stopped.

A. I think that was the judgment of most of the more respected analysts at the time. Now, I'm not sure we reached that in the recent crisis. I felt and, indeed, the President, Vice President, and our Cabinet team concluded that they were still in a political phase on Friday night when I left Washington. It frankly never got too much higher than the level of concern that we had at that time; in subsequent days, there has been some retrenchment in our concern, both on political and military assessments.

Q. What are the actual constraints that operate right now on the Soviet Union as far as Poland is concerned?

A. I think there are a host of constraints. One is that we in the West have done very well in staying together—unified and coordinated—in our approach to the problem. There's hardly been a communication, a public statement, a signal that has not been coordinated among the allies and those of us who share common concerns about this problem.

Secondly, I think the Soviets themselves recognize that the problems in Poland today are horrendous in political and economic terms; and that if they move into this situation, they will be assuming burdens of almost incalculable magnitude, and to include the possibility of active resistance by the Polish people. And so it cannot be in their interests to do this unless at some point their judgment is that the risks of not doing so are outweighed by these very serious risks of doing so.

Q. There are some students of the subject who say, as you well know, that perhaps the Russians have waited too long.

A. I suppose, again, such an analysis could be made. On the other hand, I think it's awfully important that those of us with official responsibility never succumb to the theological syndrome that Soviet intervention is inevitable in Poland. Such a conclusion, or even such a public statement of such a conclusion, could increase dramatically the brutality, and the decisionmaking process might be moved forward, even if the thesis were correct.

I don't happen to share that, and I think we've got to work as actively and diligently as we can to help the Polish people, with others, overcome their economic contradictions and to make it clear to the Soviets that either external intervention or internal repression—which is equally onerous and dangerous—are not acceptable if they wish to enjoy a standing in the international community that even compares with past history.

Q. Why is it in the interests of the United States to send aid to Poland? After all, Poland is in the Eastern orbit, it's a satellite country, it's well-known it's now undergoing a phenomenal kind of peaceful revolution; it is a member of the Communist Party, a member of the Warsaw Pact. Why is it in our interests to help them?

A. First, I think we have adopted a policy which is built only on our vital interests to keep the political process and the moderating process alive internally in Poland; this is going to require a modicum of ability to feed their people to keep their economy functioning—and that means economic and foodstuff support.

We also should be, I believe as we must, influenced by the humanitarian aspects of this issue. American foreign policy has always given a high measure of cognizance to the humanitarian objectives which we Americans espouse and support.

So from both an interest point of view and a humanitarian point of view, I think clearly we have this obligation. We would expect that we would not be alone, that those who share our values would also contribute and, even perhaps more importantly, those in whose orbit Poland has been historically—the Soviet Union—must also bear a heavy measure of the economic burden of the internal situation in Poland today.

Q. Is it possible that the Russians may, in time, adapt to the new realities in Poland?

A. I don't think one can discount that, and one must work diligently to bring that outcome about. I think it's far too early yet to tell.

Q. You're aware that you're becoming the darling of a lot of liberals in Washington?

A. I suppose life is replete with contradictions.

Q. Seriously, there are people who say that Secretary Haig and this Administration does represent the flexibility that is required in the execution of an intelligent foreign policy. Do you feel that you may be an odd-man out in this sense? Much harder statements are coming out from other people.

A. I don't know that I have to be self-conscious about my inability to make vigorous statements, either in the recent past or in the more distant past. I do believe that what I have been saying is absolutely consistent with the views of the President of the United States. That, after all, is what I'm here to espouse. I'm his Secretary of State.

No, I don't see these subtle contradictions that you're speaking of, and I don't necessarily believe that the liberal is the flexible mentality. And I don't even like the handle "liberal" or "conservative." It's lost its meaning in a contemporary sense in many ways.

Q. How would you describe yourself?

A. A liberal in the sense that I'm an optimist, that I believe essentially in the perfectibility of man, although probably with a greater degree of patience than some liberals might.

On the other hand, I also believe that international affairs, *per se*, are structured on the vital interests of nations. Those interests are inevitably going to clash with our own, and we must deal with those clashes on the basis of strength, reliability, consistency and coherence in policy. And we haven't been too good at that. I suppose historic critiques of democratic systems have pointed out that is one of our vulnerabilities, and we have to be constantly conscious of it.

Q. Your top staff—some of these people still not confirmed. A couple of weeks ago up on the Hill you expressed your own unhappiness that this process is so slow. It still is slow and you still don't have your people together and confirmed. What can you do about it? What are you going to do about it?

A. We have been working the problem together with the White House staff, which has an equal stake in this although they have a number of more constituencies to manage in that sense, and with the Foreign Relations Committee on the Hill. And I'm optimistic that this problem, to the degree that it is a problem, will be resolved very rapidly.

Q. It hasn't happened that rapidly yet. What about Senator Helms? Is he the problem?

A. That's a question that Senator Helms would have to answer. My relationships with Senator Helms have been absolutely unique and unusually cordial from the very day I came in; in fact, from the time that I went through the all-too-brief confirmation process. So I'm not aware that he's created any unnecessary obstacles for me and, if he were to have, then I would be very confident in sitting down with him and discussing them to resolve the problem.

Q. Why is it, then, that there are so many of your assistant secretaries who aren't confirmed? Where do you—

A. I think your focus is here in the Department of State, and I think you'd find similar situations in other executive branches.

Q. No. I appreciate that. Just from the point of view of the Department.

A. I think it's been a problem of new systems, new conflict of interest, and probably a degree of intense concern about the philosophic compatibility of appointments. I'd like to see that myself, but I'm very, very comfortable with that, providing it doesn't drag out and prevent the effectiveness the taxpayers must expect from our executive branch.

Q. Has it prevented that effectivness yet?

A. No. Not yet. Not yet.

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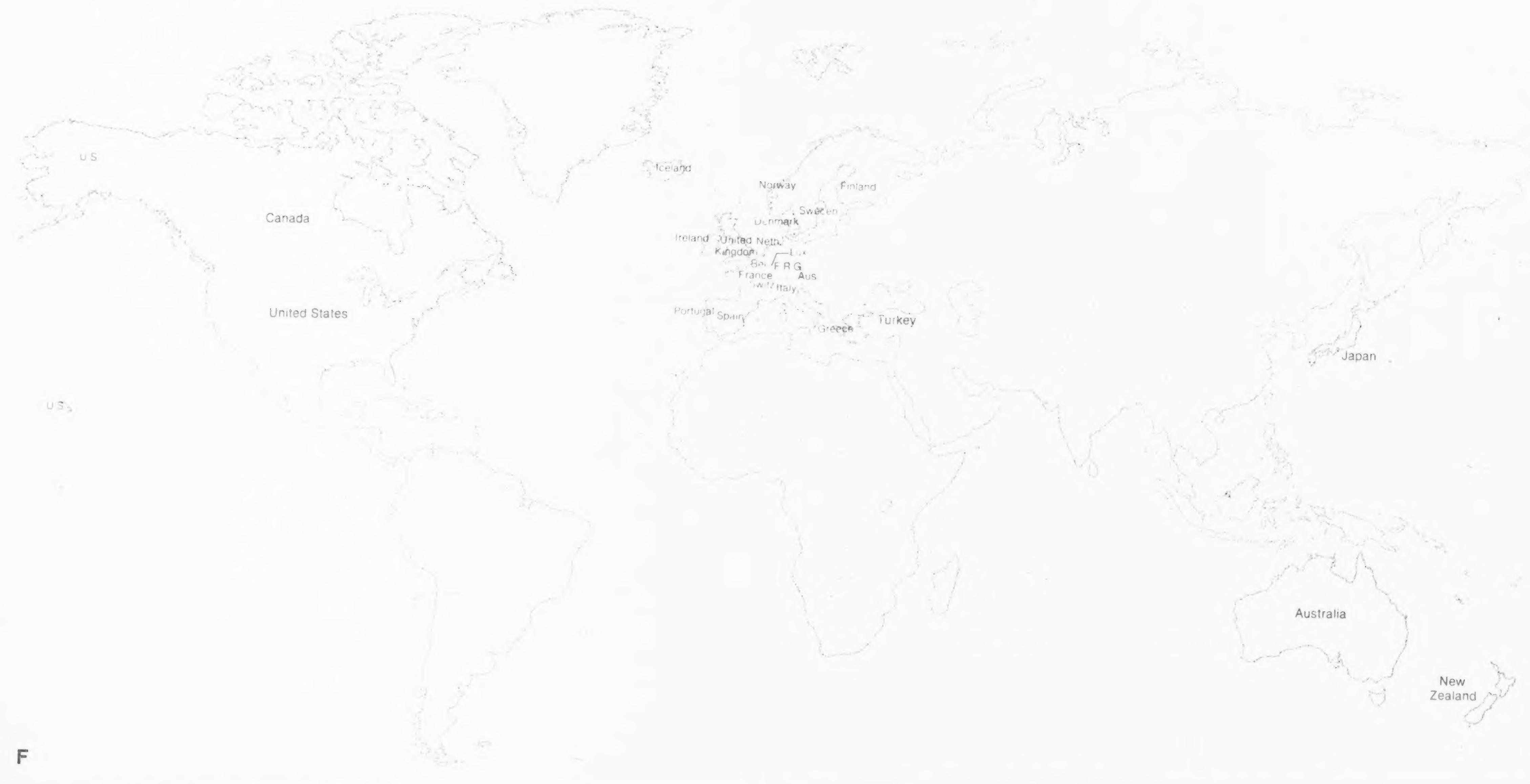
[1] Press release 121 of Apr. 23, 1981. ■

Organization for Economic Cooperation and Development

The Organization for Economic Cooperation and Development (OECD) is the only international organization comprising all industrial democracies. OECD countries have one-fifth of the world's population. They account for more than 80% of the world's trade. Founded in 1960 to replace the Organization for European Economic Cooperation, organ of the Marshall plan for European recovery, the OECD extended international economic consultation beyond Europe to North America and the Pacific. The OECD provides for joint analysis of economic trends and for efforts to harmonize international economic practices and improve assistance to the developing countries. OECD headquarters are in Paris.

Members: Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States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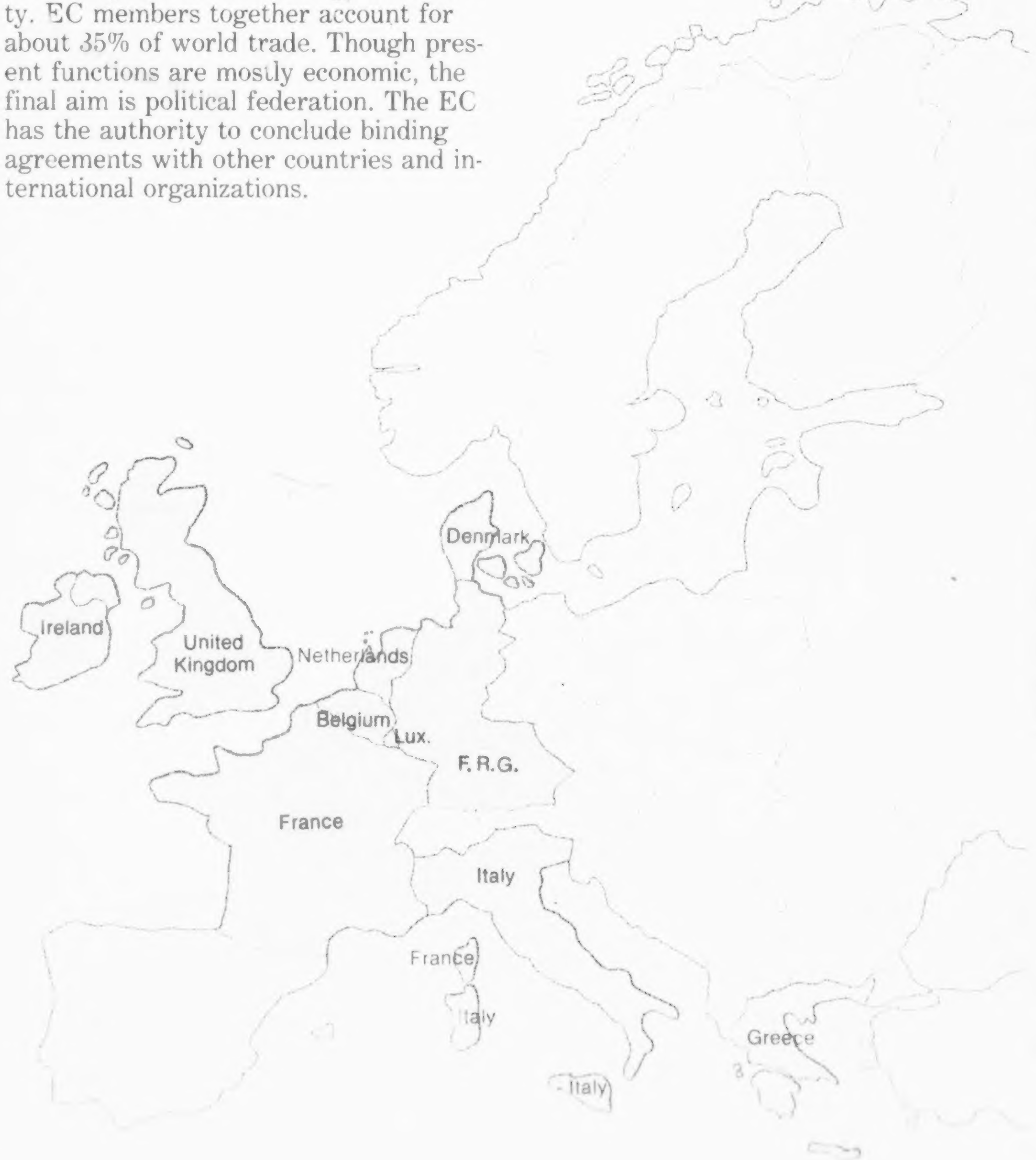
The European Communities

The chief result, in Europe itself, of the movement for Western European unity is the European Communities (EC). Founded in 1967, the EC unites the three economic combines set up in the 1950s – the European Coal and Steel Community, the European Economic Community (or Common Market), and the European Atomic Energy Community. EC members together account for about 35% of world trade. Though present functions are mostly economic, the final aim is political federation. The EC has the authority to conclude binding agreements with other countries and international organizations.

Original members: Belgium, France, Federal Republic of Germany, Italy, Luxembourg, and the Netherlands

Later adherents: Denmark, Ireland, the United Kingdom (1973), and Greece (1981)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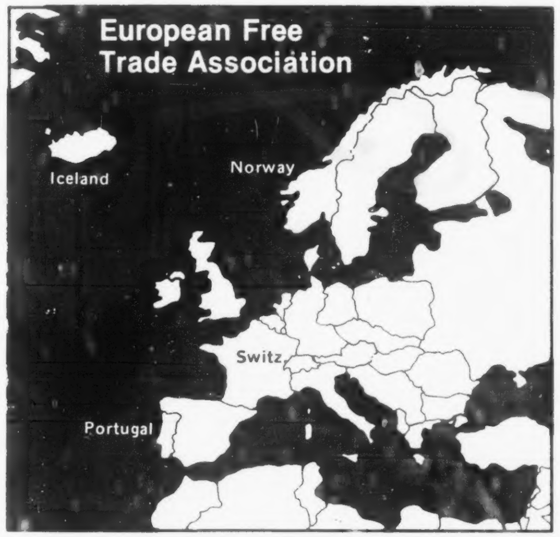
Other Western European Organizations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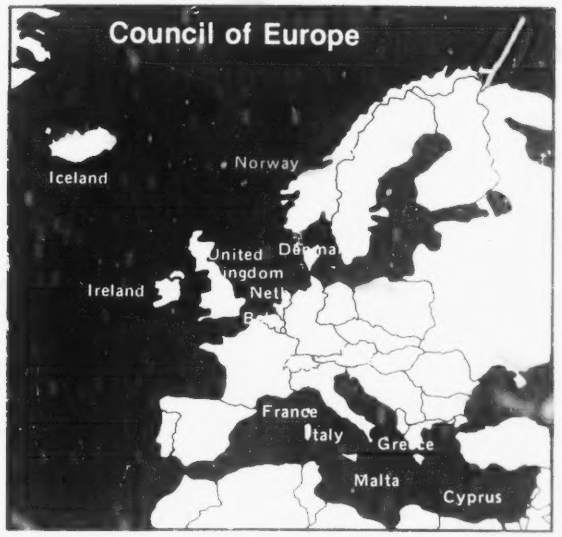
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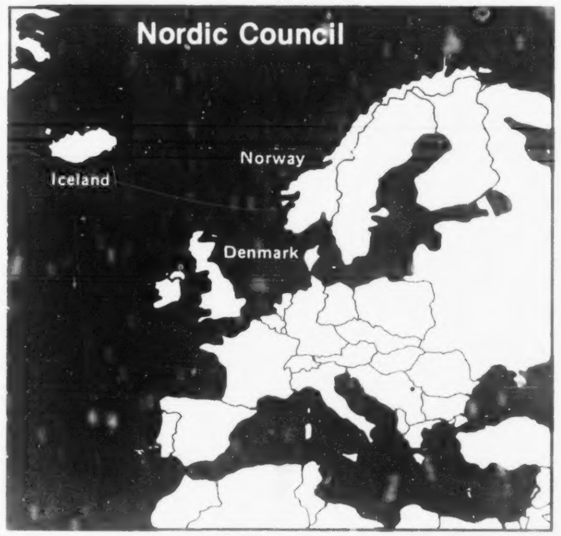

Nordic Council
Iceland
Norway
Denmark

Top right: *Council of Europe.* The largest association of Western European states is the Council of Europe, founded in 1949 to foster the common heritage and promote human rights and social progress.

Members: Austria, Belgium, Cyprus, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Sweden, Switzerland, Turkey, United Kingdom

Top left: *European Free Trade Association.* In 1960, seven countries unable to accept the Common Market's ultimate goal of political union founded the EFTA for the purpose of reducing and eventually eliminating tariffs on one another's industrial products. Two of the original members, the United Kingdom and Denmark, have since joined the Common Market.

Members: Austria, Iceland, Norway, Portugal, Sweden, Switzerland

Former members: Denmark, United Kingdom

Associate member: Finland

Left: *Nordic Council.* The Scandinavian countries founded the Nordic Council in 1952 as a means of working toward harmonious laws and cooperative efforts in cultural fields.

Members: Denmark, Finland, Iceland, Norway, Sweden

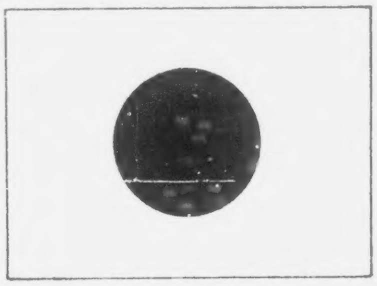
DUE TO A LACK OF PHOTOGRAPHIC CONTRAST
BETWEEN TEXT AND BACKGROUND, THIS PAGE
DID NOT REPRODUCE WELL.

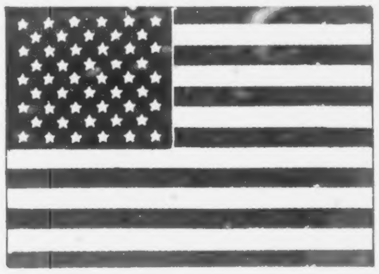
(White House photo by Bill Fitz-Patrick)

Full military honors are accorded Prime Minister Suzuki upon his arrival at the White House.

(White House photo by Karl Schumacher)

President Reagan welcomes Prime Minister Suzuki to the United States. Mrs. Reagan is on the left and Ambassador Leonore Annenburg, Chief of Protocol, is in the center.





Prime Minister Suzuki signs President Reagan's guest book.

(White House photo by Bill Fitz-Patrick)

Prime Minister and Mrs. Suzuki with President and Mrs. Reagan.

(White House photo by Jack Kightlinger)

Visit of Japanese Prime Minister Suzuki

Japanese Prime Minister Zenko Suzuki made an official visit to the United States May 4–9, 1981, and to Washington, D.C., May 7–8, 1981. Following are remarks made at the arrival ceremony on May 7, a joint communique issued, and departure remarks, both on May 8.[1]

ARRIVAL CEREMONY[1]

President Reagan

Mr. Prime Minister, Madam Suzuki, it's a great honor for Nancy and me, in behalf of the American people, to welcome you to the United States. We're delighted to be your hosts during your first visit in both our Administrations. The people of Japan and the people of America are friends of separate pasts. We have a different language, different ancestry, and yet together, our actions have helped to shape the future.

Today, we have a chance to bring freshness and a new direction to the deep friendship between our peoples. The custom, when leaders of our two nations meet, is to look back, to measure how far we've come. It's true that we've accomplished much in a relatively short period of time. Today, however, you and I will look forward. We'll chart the future course of our friendship for peace. You and I hold a sacred trust, a sacred trust of two of the world's greatest nations. Our countries are economic leaders in the world of sophisticated technology, industry, and science. And because we're leaders, great tides swirl around us, forces of independence, progress, and friendly competition.

As you have said, the choices we make will determine the fate of generations. What we create must blend into the future as the poet Shelley described the west wind—a tumult of mighty harmonies. You have said that harmony is the keynote of your government's philosophy, and harmony is a philosophy I admire very much. Harmony requires differences to be joined in pursuit of higher ideals. It is the philosophy that you have said you want to share with the world. It is the foundation of a philosophy necessary to mold strength into greatness.

Japan has been a harmonious and loyal ally whose people understand that free societies must bear the responsibility of freedom together. And Japan and the United States understand and work with each other because of the strong ties that we have built upon the principles of a harmonious relationship.

We, in America, are grateful for the strong measures that you have taken to penalize the Soviet Union for its violent aggression in Afghanistan. You have come to the aid of countries resisting Soviet expansion. You have rescued refugees, imposed sanctions against tyrants, and offered economic assistance to the oppressed. The people of Japan stand with Americans, Europeans, and people of other democracies in a community of free powers. But even in this world community of leadership, Japan and the United States stand out in their achievements. The economic forces at our command are the basis of a powerful guarantee of progress in peace. They are the essential tools with which we can help others to advance and to insure freedom. Our most valuable research, our people—or resource, I should say, have the strength to carry out their dreams, and in our dreams, we both yearn to be the best. Our mutual search for excellence, for achievement, for genuine security—is conducted in the spirit of harmony.

There is a hill in Boston where dreams are made and sometimes shattered. Runners beaded in sweat and panting for breath must conquer that hill to win—a demanding foot race known as the Boston Marathon. It is called Heartbreak Hill. About 2 weeks ago, a young man from Japan raced up that hill and won. His name, Toshihiko Seko, a sales clerk from Tokyo. After the race, he told us that he was motivated by respect for the American who had won last year. In Japan, he said, when you respect somebody, you show it by going beyond his achievements. Well, Mr. Seko is not only an awesome athlete, he is a gracious and wise man. And let me say, Mr. Seko has earned the respect of a pack of American runners who look forward to the pleasure of meeting him again next year.

Let us continue to be challenged by our accomplishments, by the accomplishments of each other. Let us compete in the same contests with each victory becoming the next goal to conquer. But let us also always remember and let the world be aware, Japan and America will go forward together. [Applause]

Prime Minister Suzuki[2]

Thank you very much for your very warm welcome. Let me express my heartfelt thankfulness for your truly remarkable recovery from the unfortunate incident and my delight that you are now standing here in very good health and with that winning smile that is now known throughout the world. [Applause]

The world is now beset by unprecedentedly complex political, economic, and social challenges. I am convinced, however, that the industrialized democracies, by strengthening their cooperation and solidarity and by addressing these challenges with firm determination, can dispel misery, oppression, and violence from the face of this Earth and can bring peace, justice, freedom, and prosperity to the international community. Japan and the United States are great powers whose combined national products account for one-third of the world's total. Close coordination between our two countries can contribute immeasurably to the peace and security of the entire world.

I have come to hold a candid exchange of views with you about the responsibilities Japan and the United States should discharge and the roles we should play in the current international situation. It is, also, my earnest desire to consolidate the bond of friendship and expand, further, the horizons of cooperation between our two countries. I must add that the opportunity to talk with you so soon after you have assumed the Presidency in such trying times but with the full and sacred trust and mandate of the American people, I regard as very timely and significant.

The moment I set foot on American soil this time I sensed the aspirations of the American people to build a society filled with vitality. The Japanese people have profound respect for the American people who are now embarked on the new beginning under your leadership. We wish to advance hand-in-hand with you toward realizing the aspirations of the international community by expanding our cooperation with your country and by strengthening the ties between our two peoples, both of whom aspire to peace and to societies filled with vigor or vitality.

I know that the talks that will begin shortly will mark an important step forward in our common enterprise. [Applause]

The Clark amendment fits into that category along with a number of other legislative disabling type legislative actions that were really, I think, in a broad historic sense, a consequence of Vietnam, Watergate, and a number of other wrenching experiences of the past decade.

We have asked for the elimination of these disabling legislations -and there are a number of them, the Clark amendment included -because we feel that they border on the unconstitutional if they don't cross that line. We feel that they are an *a priori* inhibition on presidential policy which is self-defeating in the extreme as those who share our values abroad and those who do not share our values assess our ability to deal with the day-to-day dynamics of international affairs.

With respect to the impact of a repeal of the Clark amendment on the southern African problem, it does not prejudge that someone has made a decision to pursue actions which would be in violation of the Clark amendment; not at all. It does respect the reality that an American President who goes into a contemporary effort to solve the anguishing problems of southern Africa with one arm tied behind him with respect to that issue is deprived of the kind of flexibility the American people would expect our President to have.

Q. As I understand the effect of the Clark amendment, it is simply to prohibit the export of American aid to Jonas Savimbi.

A. That's correct.

Q. And if you withdraw the amendment or repeal it, I'm asking how is that consistent with your statement that our purpose in dealing with nations is the peaceful resolution of disputes?

A. Very simply. It would be our hope that at some point in the future, effective American policy would bring about the withdrawal of Cuban proxy forces from Angola where they have no right to be and where they represent a fundamental violation of the good order I described in my speech.

And it would be my assessment as well that in our efforts to effect that, and to effect a reconciliation in Angola of the many diverse elements -one of which is the Savimbi movement -with the central government, that we are better served without this kind of a restrictive, disabling piece of legislation. It does not suggest for a moment that anyone is going to engage in the internal intervention in Angolan affairs.

Q. I would like to know which are, in your opinion, the governments of the Western Hemisphere more identified with the Soviet Union and serve the interests of the Moscow regime in this continent?

A. I think there can be little doubt, after so many years, that the Government of Cuba is largely under the sway of Soviet influence. It has been serving the purposes of the Soviet Union extensively in recent history. One would suggest that the still yet to be definitized outcome of events in Nicaragua would suggest a growing influence from the Soviet Union and Cuba in the Sandinista government. It's not necessarily in its final stages, and there are many elements in Nicaragua today who oppose vigorously further dependence on Cuba and the Soviet Union.

And I would hope that our policies would be designed to recognize the existence of those forces and to be a source of encouragement and strength for them in the pursuit of our own policies vis-a-vis Nicaragua. I won't go beyond that because I suppose I could get into a lot of debates on that.

Q. In the Soviet Union today there are a number of Jewish refusniks, so-called, and other dissidents who remain behind bars in apparent direct violation of the Helsinki accords—Anatoli Shcharanskiy and Yuri Orloff and Victor Brailovsky and Ida Nudell, the list goes on and on. I don't expect you to tell me directly—and I wouldn't want you to tell me directly—if anything specifically is underway. But is there a chance of future prisoner exchanges as have occurred in the past to get some of these people out?

A. Clearly, in the broad context of your questions, this is one of the main focuses of our work in Madrid, the CSCE [Conference on Security and Cooperation in Europe]. I must say that thus far we have been notoriously unsuccessful in budging the current level of Soviet intransigence in this area and a number of related areas.

I can assure you that it is a fundamental aspect of our policy to do all that we can to assist in the quest for freedom of these suppressed peoples and populations and individuals as well. Some, as you know, have recently just come out. We just had a father and son come out of the Soviet Union. We have offered them haven, as is historically our policy. But I do think we have not had the success that we had visualized in CSCE, although we've had some, and we must continue our efforts.

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[1] Press release 122A. ■

NATO and the Restoration of American Leadership

by Secretary Haig

Commencement address before the graduating class at Syracuse University, Syracuse, New York, on May 9, 1981.[1]

Graduation is a time for rejoicing. It should also be a time for introspection when we examine our directions in life, both as individuals and as a nation. This morning, with your indulgence, I would like to say a few words about America and where America is going, particularly our foreign policy. And I want to call your attention specifically to one of our most precious legacies—the Atlantic alliance.

Americans have been described as a people constantly in search of themselves. The vast number of schools and colleges, adult and home-education courses, tell a story of a relentless desire for self-improvement. We are not satisfied with the present. As President Reagan has described it so well, we are dreamers of a better future.

All of us know that in recent years, we have spent a great deal of time and effort examining our society with a critical eye. Observers from abroad described us as confused, lacking in confidence, and unsure of our purposes. The most fundamental questions were asked: Did our democratic institutions still work? Were they worth defending? Could we offer anything to the world? Was the dream over?

I believe this period of a perhaps excessive American introspection has come to an end. We are more certain of ourselves today than we have been for a long time. A profound national consensus has emerged. Our democratic institutions work. They are worth defending. Our ideals and our liberty do offer a notable example to a world desperately searching for peace and prosperity. The dream lives.

This consensus, this reassertion of American self-confidence, is the very basis of the President's foreign policy. Our objectives are straightforward: We want a world hospitable to our society and ideals. And our objectives can be achieved if we restore American leadership.

Major Points in U.S. Approach

Let me give you a sense of our direction by discussing briefly four major points in our approach:

- First, our insistence on restraint and reciprocity in East-West relations;
- Second, our determination to strengthen our alliances, particularly the Atlantic alliance;
- Third, our intention to play a constructive role in the Third World; and
- Fourth, our firm resolve to strengthen our economy and our defenses.

Restraint of Soviet Union. An insistence on restraint and reciprocity in East-West relations is the central theme of our foreign policy. If we are seriously interested in a world where there can be peaceful change, where nations can settle disputes short of war, then we must act to restrain the Soviet Union. Soviet actions or the actions of Moscow's surrogates threaten Western strategic interests. Even more importantly, it is Soviet reliance on force and the threat of force to create and exploit disorder that undermines the prospect for world peace today.

Reinvigoration of Alliances. The next point must be to strengthen our alliances, especially the Atlantic alliance. The beginning of wisdom is to establish the consensus and confidence with our allies that has been missing in recent years. The key to this is genuine consultation, which has several elements. We must be good listeners; we must be frank with one another; we must work for the common good; and we should give each other the benefit of the doubt. Candor will serve the alliance well, but surely it will be more effective in quiet diplomacy than through the medium of public criticism.

Approach to Third World. The third point is our intention to play an active and constructive role in the Third World. It is important to do this for our own interests. Just as important, however, we should do our part for the well-being of the developing countries.

An American approach to the Third World clearly requires an acknowledgment of the problem presented by Soviet policy. But this acknowledgment must come on a foundation of understanding for the problems facing the developing countries. The West has a great deal to offer: economic and technical assistance, cooperation in the settlement of disputes, access to an international commercial and financial system. We have also shown through the example of our own societies that freedom and economic development are compatible.

The approach from the East is different. Moscow offers a poor model of economic achievement, and the Soviets disclaim any obligation to give financial assistance to the developing countries. Instead, the Soviet Union and its surrogates are heavily involved in stoking conflict with arms and troops. The names and places have become familiar to us over the past decade: the Cubans fighting in Africa, the Vietnamese conquering Kampuchea. More recently, we have seen the Soviets themselves invade Afghanistan and the Libyans seize Chad. And in our own hemisphere, there is incontrovertible evidence that Soviet arms are threatening an established government in El Salvador.

We have no monopoly on wisdom in approaching this complex situation. Still, we must prevent the Soviets and their surrogates from destroying what the West and the developing countries can achieve together.

Strengthening U.S. Economy and Defenses. Finally, the fourth element in the President's approach is the restoration of the economic vitality and military strength of the United States. This is as crucial to foreign policy as it is to domestic purpose. Without a healthy American economy, we cannot strengthen our leadership abroad. Without an improved American military capability, we cannot restrain the Soviet Union.

Restraint of the Soviets, reinvigoration of our alliances, a new approach to the Third World, a healthier U.S. economy and a stronger military—these are the signals of our determination to restore our leadership in the world. It is going to be very difficult, and we cannot accomplish our objectives alone. In this age of interdependence, freedom and peace depend upon concerted action between the United States and its allies. Having just returned from a consultation with the NATO allies in Rome, I want to review briefly the prospects for a reinvigorated Atlantic alliance.

Q. What is the present state on the negotiations on the bilateral treaty, and what is going to happen by September if nothing has been agreed to?

A. We had very useful and very constructive discussions on the requirement to develop a new agreement between the United States and Spain and to insure that this new agreement would take cognizance of the changing conditions in most countries and especially the newly democratically established regime here in Spain. We—both sides—agreed to the urgency of launching immediately discussions and negotiations between the two parties with the view toward arriving at a new agreement at the earliest possible date, and these discussions will commence almost immediately.

Q. Given the kind of tensions in Europe, how important in strategic terms would you appraise the eventual entry of Spain into NATO, and how important are the joint U.S.-Spanish base facilities?

A. With respect to the question of Spanish entry or Spanish association with both the economic and security fora in Western Europe today, I have stated repeatedly in the recent past and during my tenure here in Europe as Supreme Commander of Allied Forces that this is a question to be decided by the people of Spain. I have also suggested that when such a decision is made to proceed or not to, that the Spanish Government will have the full support of the U.S. Government on the position they take. Now, it goes without saying, and I would be hypocritical today were I to suggest that my past position on this subject has not been in favor of greater integration of Spain into economic, political, and security fora now existing in Western Europe.

As to the second question, it goes without saying, the American bases, which are separate and distinct from the first question and which have been the consequence of bilateral agreement between the two governments, remain the utmost importance not only to the United States but I think to Western collective security as a whole, and in the same respect it makes a major contribution to the security of Spain as well.

Q. With regard to the agreement which you indicated is to be immediately negotiated between the Governments of the United States and Spain, are you contemplating this in the context or the nature of an interim or bridge type of an agreement that will prepare the way for later accession to NATO on the part of Spain, or are you considering it in terms of a treaty to cover a period of years similar to those covered under previous extensions of the agreement?

A. It wouldn't be my intention to get ahead of the discussions and negotiations which will take place, but clearly the bilateral relationship between Spain and the United States will be addressed on its own merits in the light of the changing interests of both sides and, especially as I said in my answer to the earlier question, of taking full cognizance of the new democratic establishment and government here in Spain. To be more responsive to your question, that involves an entirely new treaty for an as yet unspecified period of time.

Q. First, allow me to address a few comments in representation of my colleagues and friends, the Cuban exiles, in this community who have asked me to extend to you again our best wishes for the prompt recovery of President Reagan. With respect to my specific question, I would like to know whether the Reagan Administration and you, in the context of your statements regarding increased relations with your true friends and allies in the American continent, whether you are aware who are your true friends and who are your simulated friends?

A. I think it goes without saying that the traditional friends of the United States are, in general, those who share our common values and aspirations, who respect and seek to enlarge and broaden the democratic process and the fundamental values for which our own nation, which we share in common here with the people in Spain, and one need not go beyond any other qualifications at this juncture.

Q. Can you tell us whether or not there was any discussion today or would you envisage any discussion in connection with the bases in Spain as to their use for either logistical or other support in the Middle East, as is being discussed with other NATO countries in connection with a rapid deployment force?

A. I think in fairness to our host, I should be very specific that no such discussion took place today with respect to the future utilization of those bases which we now hold and would hope to continue to hold under a new agreement with the Government of Spain and I think such discussions would be premature at this time.

Q. Do you expect them to take place?

A. I think clearly the kinds of negotiations which we would conduct in the period ahead would encompass the potential utilization of the facilities which would be provided by the Government of Spain, and I am confident that both the Government of Spain would want to know this, and I am equally confident that we would like to know to what use these facilities can be made without prejudging what the answer would be.

Q. I would like you to tell me what you would answer to a Spanish general who had a coup in mind and bearing in mind what your own interest and their interest might be?

A. I'm afraid I don't know any such characters, but I should repeat a joke if you would like to hear it—but I'll save it for my next visit.

Q. Would you give us your private view on the support lent by the Socialist Party of Spain to the Sandinistas in Nicaragua and your comments regarding a meeting that was held the day before your arrival here in Madrid, a meeting that was clearly against NATO?

A. With respect to the first part of your question, I would prefer not to give a value judgment on the activities of one or another political party here in Europe, but I would like to emphasize that our estimate of the current situation in Nicaragua—in Managua—is that the essential direction of the government is now in the hands of that extreme left—the Sandinistas—who are receiving both support and direction in large degree from Communist Cuba, and that this estimate notwithstanding, is also true that there are a number of elements of more moderate persuasion both in the government and in the body politic of Nicaragua—these include an entrepreneurial class, they include elements of the church, labor movements, and some of the agrarian elements. So the final chapter has not been written with respect to the future orientation of Nicaragua.

For that reason, I think the policies of all democratic parties in the Western world should be to pursue actions which would result in a pluralist outcome in Nicaragua rather than to enforce a situation which is already largely, but not exclusively, entrenched. I may add, very recently—about a week ago—the U.S. Government made a determination that the involvement of the Government of Nicaragua in the exportation of arms and assistance to the rebel forces in El Salvador was a violation of U.S. statute which has required the formal termination of the levels of U.S. assistance to that government. At the same time, we have emphasized to the leadership in Managua that if the recent restraint demonstrated by that government with respect to El Salvador is broadened and continued into the future that we will reassess this decision and that as a manifestation of our good faith with respect to that decision, we have not insisted that, in accordance with the law—that is, we made an exception to that law—by not demanding repayments of those resources already provided under recent levels of assistance to Nicaragua. We have also indicated a willingness to continue to extend food assistance under U.S. regulation PL 480.

Q. In the case of the too rapid eventual access of Spain into NATO, would this mean that the Rota Base would be used to base the new U.S. Trident submarine and that Zaragosa might be used to base the B-1 bombers in support of any possible eventuality in Israel?

A. No. I've made it a habit of avoiding discussion of contingencies which have not yet been addressed or which we have not yet been faced with. I found it to be a very sterile practice pursued by some less-than-prudent public officials. So I am afraid I am going to have to tell you I don't have the answer to that question, and that doesn't mean that I'm even thinking about one.

Q. Could you let us in on the views you have expressed to the Spanish authorities on East-West relations and more specifically, on the situation in Poland?

A. I don't think I make it a habit of revealing the contents of diplomatic exchanges of the kind that were held this morning, but it is certainly no secret that the United States, and I believe your government as well, has been watching the situation in Poland with great concern and interest. We have been somewhat relieved by the recent turn of events, to include the statements of Chairman Brezhnev, but we remain concerned by the level of military preparedness and readiness demonstrated by Soviet forces and those of the Warsaw Pact, and I think we both remain dedicated to the proposition that the situation must be very, very carefully monitored in the days and hours ahead, and it will so be.

Q. As you know, your remark on the night of February 23 that what was happening here was an internal matter, has been widely disseminated and commented upon. I am just wondering if you, in light of what's been said since then, regret in any way that the Spanish military there might be a misapprehension despite the spectacular presence of yourself here today and the visit and so forth, that there is lukewarmness toward democracy in Spain, particularly in light of the policies of the Reagan Administration toward Latin America?

A. First, with respect to your question, I suppose it will continue to persist among those whose appetites are insatiable with respect to it, so I think maybe it would be helpful for me to explain precisely where that delectable quotable quote came from.

On the morning in Washington of the event, I had just been closeted for about 3 hours with the Foreign Minister of France, and as I walked out, one of my assistants said: "Before you go before the press, you better know there's been some kind of a terrorist act in the Cortes in Spain. We don't know what it is or what the situation is at all, so be careful."

And as I met the press shortly as we were leaving, one asked me what about it, and I said this is an internal matter, and I think I mumbled, we have to find the facts, but that was never reported.

Subsequently, of course, both through misunderstanding in some instances and mischief in others, it got an entirely different portrayal here in Spain. Clearly, I regret that. I regret it first because it was a fundamental distortion of reality, and I always regret when that happens. And, secondly, I regret it because it in no way—in no way—represents American policy either under the Democratic Administration that preceded us or the Republican Administration under President Reagan. And I would suggest as I did before, anyone who persists in maintaining that position is either not very bright or terribly mischievous. And, incidentally, as soon as the situation was clarified, the U.S. Government sent communications to the Government of Spain and President Reagan, a communication to his Majesty the King, with respect to our continuing support to the democratic process here in Spain. Somehow, those things never get reported.

REMARKS, LONDON, APR. 10, 1981[10]

Q. I wonder if you would care to respond to a question on talking about the possible European plan on the involvement of the PLO in negotiations. Is that something that your government could countenance?

A. I think it is premature. We are now engaged in a peace process which has been underway, and we hope to keep that momentum moving and will in the period ahead. So it's too early to answer a question of the kind you just asked. I thought you were going to ask what I was doing here—I am prepared to address that.

Q. Is there any change of emphasis after what you have heard on the Middle East while you were there?

A. I must emphasize to you that we had three purposes before our trip: the first was to establish a relationship with the leaders of the area, to let them know that when we talk about consultation and President Reagan's Administration, we mean that we take their views into account in the formulation of our own policies and before those policies are formulated, so we, of course, learned a great deal from such a visit and exchange; secondly, we were in the business of trying to develop a consensus of concern about external threats to the area, the situation in Afghanistan, the tense situation here in Europe, in Eastern Europe, in Poland—all, I think, have sharpened sensitivities worldwide to the implications of Soviet imperialism; and thirdly, to emphasize that the peace process itself is high on our agenda as it has always been and that talking about a strategic consensus is not placing our emphasis on the peace process in a lower priority; precisely the opposite. We feel progress with one contributes to progress with the other, and if they are mutually interrelated then they are parallel tracked, and I think that in that context our trip was highly successful and I feel very, very comfortable that the process has begun—good relationships, a hope for a continuation of momentum in the peace process, and a developing consensus of concern.

Interview for ABC Television

Secretary Haig was interviewed for ABC television by Barrie Dunsmore on April 17, 1981.[1]

Q. Evidently, the United States has now, more or less, decided to provide a large arms package to Saudi Arabia, and this has set up a buzz saw of opposition from Israel and its supporters on Capitol Hill. Is there some possibility that that will be delayed now because of this opposition?

A. I noticed some press speculation with respect to the timing. The clear point I want to make is, there has not been a decision with respect to timing. There are a number of important technical considerations that have to be resolved that will influence ultimate timing, and that decision hasn't been made by the President yet.

Q. But a decision has been made, at least in principle, to provide Saudi Arabia with this equipment?

A. Yes, that's correct, and as you know, this is an issue that has been under discussion between the United States and Saudi Arabian officials for almost 2 years. It was largely concluded at the time this Administration came into office. We have continued on with those discussions.

Q. The columnist William Safire yesterday suggested that you and Defense Secretary Weinberger actually misled the President by saying a secret deal had been arranged by the Carter Administration that you were obliged to carry through on. Is that the case?

A. I don't know of any secret deals of any kind, and I don't make it a habit of commenting on speculative articles of that kind. I think the case has been clearly presented to the Congress as it has evolved, and they are abreast of the current situation. Our public disclosures have been consistent with the facts as they have developed.

Q. What would be the impact of a defeat on Capitol Hill of that arms package for Saudi Arabia, in terms of our relations with Saudi Arabia and the Middle East generally?

A. I think, clearly, when the decision has been made to proceed with the notification in accordance with established procedures on the Hill, if there were to be a setback, it would clearly represent a grievous setback in American relationships with Saudi Arabia. There is no other way of parsing it out—it's just that simple!

On the other hand, I don't think we will proceed under the assumption that we're going to lose.

Q. What would the impact of such a defeat on U.S. relations be with Israel?

A. It's clear—and our Israeli friends have made it evident—that they are not happy with this package, or at least certain aspects of it, especially the aerial surveillance aspect. I think this in itself suggests that we have a certain amount of technical work to do to be sure that, to the degree possible, legitimate concerns by the Government of Israel are at least alleviated.

Q. Also in the Middle East, there is a report today that the Israelis were prepared to make major strikes against the Syrian forces in Lebanon, and that while you were in Jerusalem, you managed to dissuade them from taking such action. Could you enlighten us at all on that report?

A. I wouldn't make it a policy to attribute decisions taken in Israel to my actions one way or another. I think it has been clear that the consistent policy is to work as actively as we can to prevent the resort to force by any of the parties involved in this tragic situation.

Q. On that trip, we were told by a senior official in your party that we were on the verge of a major outbreak of hostilities in Lebanon. That led some of us to conclude that the Israelis had hinted that they were about to go in, and you couldn't stop the fighting in south Lebanon.

A. No. I think the basic reality of the situation in Lebanon is that, to the degree that the Christian militias are threatened by Syrian military activity, as they become increasingly in jeopardy, there are strong motivations in Israel to take counteraction to preserve that element of the Lebanese society. I think that is a clear fact understood by all sides, and it suggests restraint by all parties.

Q. We have been marched up and down the hill on the possibility of an intervention in Poland for several months now. Is there some kind of a danger in this kind of approach? And do you think the Soviets are really listening to us when we warn against intervention?

A. I think the Soviets will make decisions on what they calculate to be their own vital interests, as is always the case with sovereign nations. I think we have made our position crystal clear with respect to that. I think the determinations made by the Soviet leadership, of course, include considerations of the impact that that will have on East-West relations at large, and relations specifically with the United States.

All of these factors, I am sure, are included in Soviet calculations. I would not necessarily attribute Soviet motivations or Soviet decisions exclusively to American rhetoric.

Q. Where do we stand now on the subject of the likelihood of an intervention with the formation of a new farmers' union now? In your mind, does that make chances less or greater that the Soviets may feel compelled to move in?

A. I would rather not offer a value judgment at this juncture. I think we have seen some lessening of the tensions, both in political and military terms in the past week, and I think we are gratified that this at least continues a peaceful political process in the reforms that are taking place within the Polish society and among the Polish people. We would hope that these improvements would continue without external or internal repression.

Q. There was some confusion in some peoples' minds about the prospects for talks at a reasonably high level between the United States and the Soviet Union, with different people suggesting that what the Soviets may or may not do in Poland having a bearing on such talks. What are the prospects of high-level talks, such as between yourself and Foreign Minister Gromyko in the next few weeks or months?

A. These things are largely to be decided in the period ahead. President Reagan has made it clear that he intends to continue a dialogue with the Soviet Union. That is both to our advantage and to theirs. However, he has also made it clear that linkage is a prevailing concept in his Administration, and that is that these talks—the pace, the scope, and the level of them—will be determined by corresponding Soviet international behavior in the broadest sense of that term—that's the American policy.

Q. Do you sense any basic difference between the United States and its allies on this subject, and particularly on the subject of talks to reduce nuclear weapons in Europe?

A. No. I think the United States and our Western European partners are of one mind. We had visiting Washington yesterday, for a lengthy discussion with President Reagan—very detailed discussions—the Secretary General of NATO who was representing the collective view of the alliance. In those discussions, as in earlier discussions—with Mrs. Thatcher when she visited Washington and other foreign ministers of our NATO countries—we affirmed the American commitment to adhere by the decisions and consensus arrived at in December of 1979, to proceed on two tracks; one being the modernization of our long-range theater capabilities in Western Europe and the other the initiation of discussions with the Soviet Union, with a view toward having reductions in the long-range theater nuclear threat. We intend to proceed and honor these two tracks and to meet our commitments and obligations.

Q. I know this is not your favorite subject, but I think it is no longer a parlor game that Washington sometimes plays about who is up and who is down, because it does affect the conduct of U.S. foreign policy. How seriously do you think you have been hurt by the recent differences you have had with the senior White House staff?

A. I read a great deal about that in the press. I think my relationships with the senior White House staff are very, very good at the moment. I think, in the final analysis, my effectiveness is going to be a direct measure of how I perform my substantive responsibilities for President Reagan. In that context, I feel I am executing those responsibilities in conformance with the President's policy. That, after all, is what I was hired to do; and I intend to continue in precisely that vein.

Q. One of the questions which I am frequently asked, and I do not have the answer to it, so I'll ask you: Are you going to remain Secretary of State?

A. I didn't make the fundamental changes in my own life that were necessary to come to Washington with a view toward having it an interim period in my life. I intend to stay and continue to do my job as long as I can make a constructive contribution. I have no reason to believe that that is not the case.

Q. If you had anything to do over, over the past couple of months, were there any things that you said or did which if you could take back, you would take them back?

A. Not necessarily, no. I think this is a lively town in Washington, and again, I think the American people at large will measure my effectiveness and, indeed, measure the effectiveness of this Administration by how well it is perceived to meet their vital interests in the domestic and international conduct of our business. I'm optimistic about that.

Q. What is your estimate of the extent of penetration by Soviet intelligence services, the KGB or otherwise, into this country?

A. I think we would be naive if we did not understand that this is a very key aspect of Soviet international conduct. It's a fundamental aspect of their philosophic roots. It involves efforts to penetrate, with influence and otherwise, the body politic across a very broad spectrum of nations with which they do business. It would be naive to expect otherwise.

The degree to which they have been successful in doing that is not a matter of grave concern to me. However, I think it is a matter to which we have to be constantly alert.

Q. Is this Administration doing anything in particular—taking any particular steps—to address this problem?

A. I would prefer to let the Attorney General, who is fundamentally responsible for the internal security of the United States, and the Director of Central Intelligence, who is primarily but not exclusively responsible for our external security arrangements, to answer that question.

Q. But you are not overly concerned about the problem? You're concerned, but not overly concerned?

A. No. I would hope I am constructively alert to the problem, and I would be a supporter for policies by those who are responsible for formulating those policies in this Administration to prudent measures which would improve our posture.

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[1] Press release 114. ■

Internal Situation in Zimbabwe

LETTER TO THE CONGRESS, APR. 3, 1981[1]

In accordance with the provisions of Section 720 of the International Security and Development Cooperation Act of 1980, I am submitting the following report on the internal situation in Zimbabwe.

There is considerable evidence to indicate that the transition to majority rule in Zimbabwe, which was consummated at Lancaster House and came into effect on April 18, 1980, is now gathering momentum both economically and politically.

Economically, Zimbabwe has made considerable progress in the 11 months since independence. Real growth for 1980 is estimated to have been 8–10 percent. Inflation averaged between 12 percent and 15 percent for the year. With the announcement of a high pre-planting price and a good rainy season, Zimbabwe is expecting a million-ton maize surplus this harvest. The mining sector remains solidly prosperous despite some uncertainty about a possibly increased government role.

In the July 1980 budget and the February 1981 economic policy statement, "Growth with Equity," the government has committed itself to the maintenance of a mixed economy aimed at satisfying black aspirations and assuring white confidence by attracting foreign investment and aid to generate continued economic growth.

Zimbabwe's economic success is partly associated with the fact that more than 90 percent of the country's white population, about 200,000 people, have chosen to stay in Zimbabwe. We estimate that about 20,000 whites have left, 15,000 of them have gone to South Africa. Nevertheless, white emigration has led to some dislocations in areas of the economy dependent upon mechanical and technical expertise, e.g. railroad maintenance and telecommunications. The country's 5,000 white commercial farmers have almost all stayed in Zimbabwe.

Politically, the dire predictions which were heard at the time of independence have not come to pass. Black-white political conflict has been inconsequential. The expected Ndebele-Shona political conflict has materialized; however, despite two bloody clashes in Bulawayo, the tension has been contained by the existing political and military structures and senior leaders on both sides have responded to the problems which have arisen with a view toward the long-term best interests of the country. On the whole, the political scene has been marked by increasing stability and the enhancement of the authority of Prime Minister Robert Mugabe.

The process of military integration of ZIPRA [Zimbabwe People's Revolutionary Army] and ZANLA [Zimbabwe African National Liberation Army] continues to move forward slowly despite the collapse of three

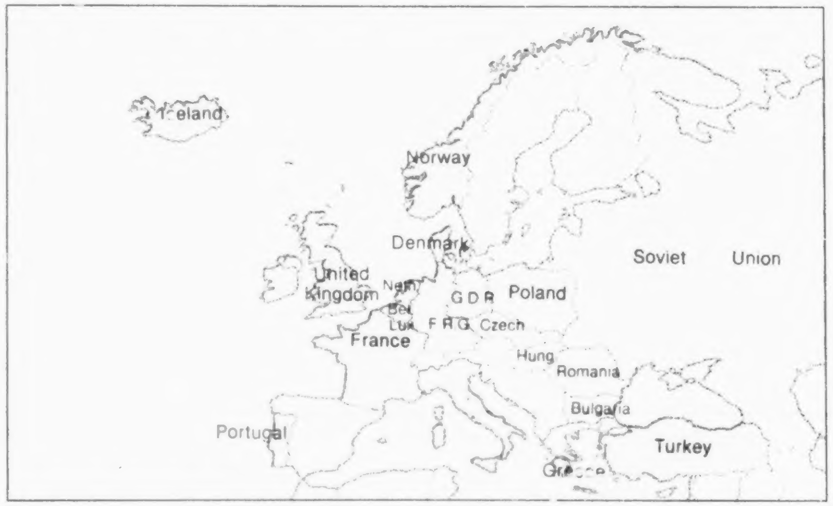
NATO and the Warsaw Pact

The North Atlantic Treaty Organization (NATO) was founded in 1949 to provide an integrated military force for the defense of Western Europe and North America. From the beginning, the organization was designed to promote wide cooperation in political, economic, social, and scientific fields as well as military security. Members: Belgium, Canada, Denmark, France, Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, United States.

The Warsaw Pact on Friendship, Cooperation and Mutual Assistance comprises the U.S.S.R. and its Eastern European allies. Signed in 1955, it provides a common defense system and machinery for coordinating foreign policy. Members: Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, U.S.S.R.

☐ NATO members

☐ Warsaw Pact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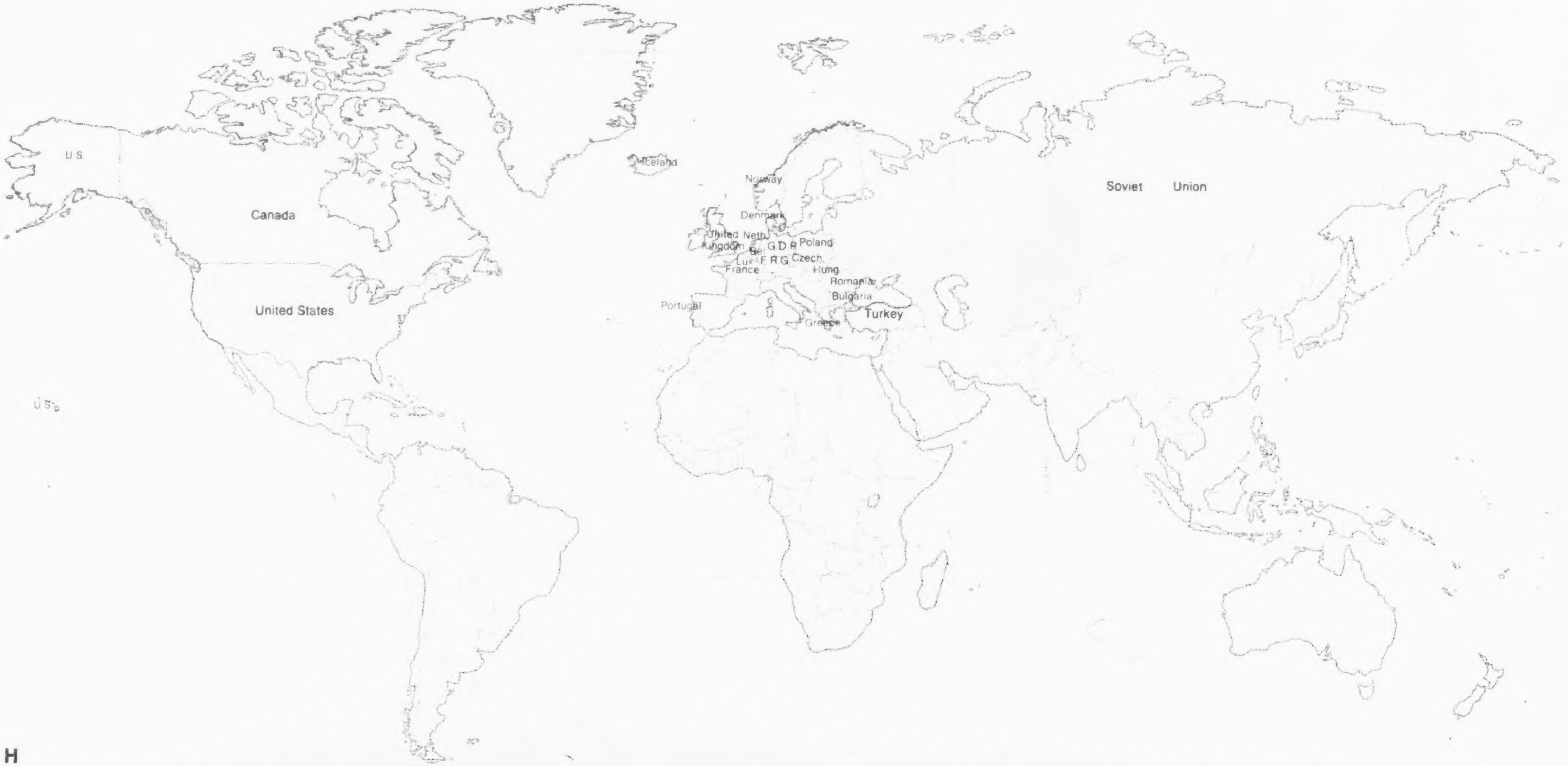
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Council for Mutual Economic Assistance

The Council for Mutual Economic Assistance (COMECON or CMEA) comprises countries of the Soviet bloc. Although founded in 1949 as Eastern Europe's counterpart to the Marshall plan of economic recovery in Western Europe, it has been open to non-European countries since Mongolia's accession in 1962. COMECON promotes coordinated planning and trade specialization by its members. Although its ultimate goal is full economic integration, it has no supranational authority and, unlike the EC, does not function as a unit in trade with countries outside the region. The U.S.S.R., the dominant member, accounts for about 67% of COMECON production.

Members: Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, U.S.S.R., Vietnam

Associate member: Yugoslavia

Countries with Cooperation Agreements: Finland, Iraq, Mexico

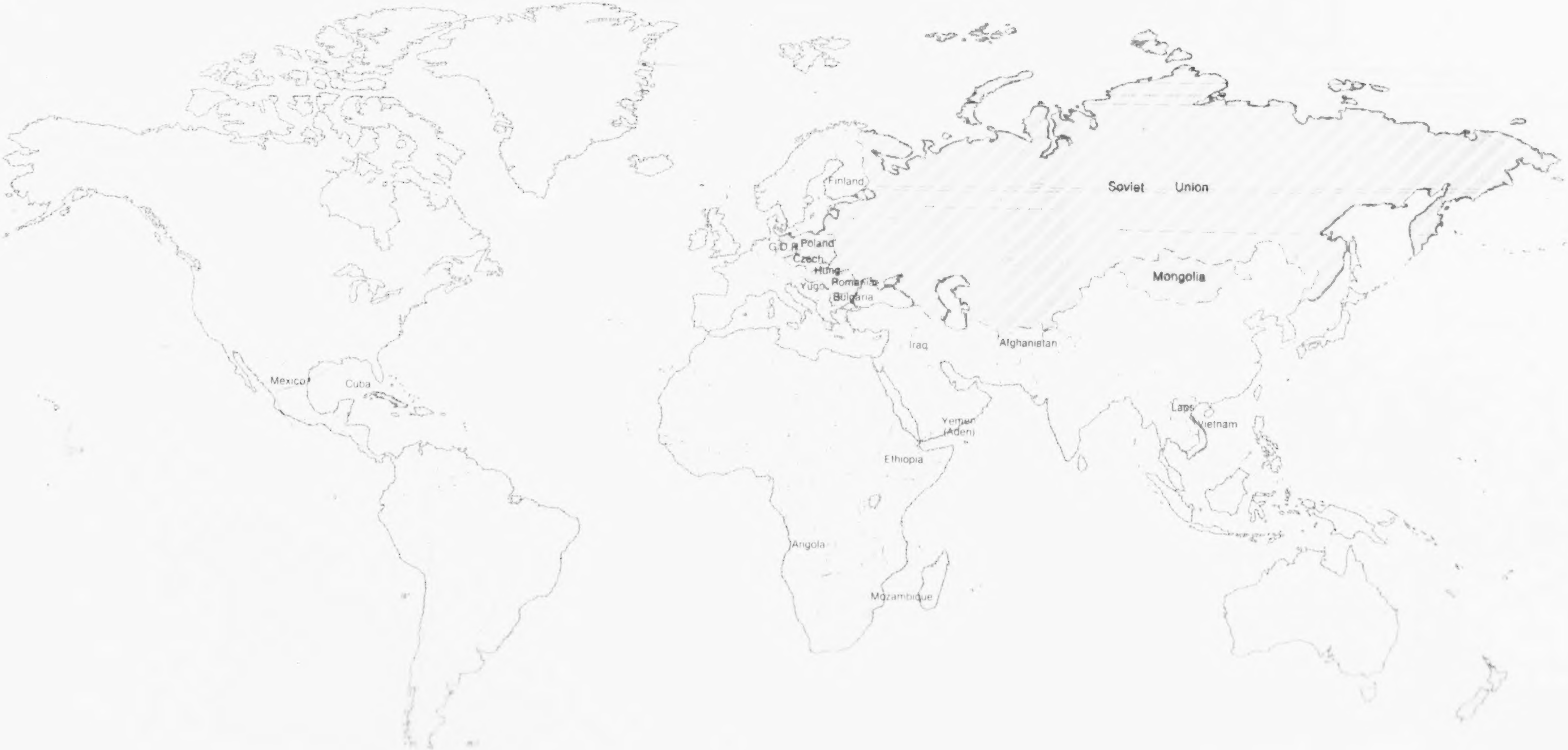
Observers: Afghanistan, Angola, Ethiopia, Laos, Mozambique, Yemen (Aden)

☐ COMECON members

☐ Associate member

☐ Countries with Cooperation Agreements

☐ Observers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Laos
Vietnam
Yemen (Aden)
Ethiopia
Angola
Mozambique

JOINT COMMUNIQUE[1]

At the invitation of the Government of the United States, the Prime Minister and Mrs. Suzuki paid an official visit to the United States from May 4 through 9. President Reagan and Prime Minister Suzuki met in Washington on May 7 and 8 for a comprehensive and fruitful review of the current international situation and U.S.-Japan relationship. They pledged that they would work closely together in pursuit of world peace and prosperity. The President and the Prime Minister, recognizing that the alliance between the United States and Japan is built upon their shared values of democracy and liberty, reaffirmed their solidarity, friendship and mutual trust.

The President and the Prime Minister viewed with concern the Soviet military build-up and the Soviet activities in the Third World as seen in its military intervention into Afghanistan and its behavior elsewhere. They reaffirmed their position that the Soviet intervention into Afghanistan cannot be condoned and that the immediate, unconditional and total withdrawal of the Soviet troops should be realized. They restated their view that the problems of Poland should be resolved by the Polish people themselves without any external interference and that any intervention in Poland would have a serious adverse effect on world peace. They shared the view that should intervention in Poland occur, the Western industrialized democracies should cooperate and implement their policies in concert.

Affirming their interest in the peace and stability of Asia, the President and the Prime Minister agreed:

- To continue respectively to expand cooperative relations with the People's Republic of China,
- To promote the maintenance of peace on the Korean Peninsula as important for peace and security in East Asia, including Japan,
- To continue their cooperation in support of the solidarity of ASEAN and its quest for the greater resilience and development of its members.

The President and the Prime Minister placed high value on the respective role each country is playing in this regard as exemplified recently by the President's decision to maintain U.S. ground forces in Korea and by the Prime Minister's visit to ASEAN countries this January.

They agreed that an early and comprehensive political settlement of the Kampuchean problem, including the withdrawal of foreign forces, through an international conference based on the resolutions of the General Assembly of the United Nations is important for the restoration of a durable peace in Indochina.

The President and the Prime Minister affirmed that the maintenance of peace and security in the Middle East, particularly in the Gulf region, is highly important for the peace and security of the entire world. They agreed that the determined efforts of the United States in the face of fragile security conditions in the region contribute to restoring stability, and that many countries, including Japan, are benefiting from them. They also agreed that the process of achieving a comprehensive peace in the Middle East should be further promoted to strengthen the security of the area.

In the process of reviewing the international situation, the President and the Prime Minister took note of the presence of various elements of instability in other areas of the world, and particularly with respect to some parts of Africa and Central America, they expressed their concern about the existence of conditions affecting peace and stability.

The President and the Prime Minister recognized the role that international efforts toward genuine arms control and disarmament should play in advancing world peace and stability, encouraging restraint and responsibility in international affairs, and promoting the security of the West as a whole.

The Prime Minister stated his view that it is important for the industrialized democracies to have a shared recognition of the various political, military and economic problems of the world and to cope with them in a consistent manner in order comprehensively to provide for the security of the West as a whole.

In meeting these international challenges to their peace and security, the President and the Prime Minister recognized that all Western industrialized democracies need to make greater efforts in the areas of defense, world economic improvement, economic cooperation with the Third World, and mutually supportive diplomatic initiatives.

Japan—A Profile

Geography

Area: 381,945 sq. km. (147,470 sq. mi.); slightly smaller than California. **Capital:** Tokyo (pop. 11.372 million). **Other Cities:** Yokohama (2.67 million), Osaka (2.658 million), Nagoya (2 million), Kyoto (1.4 million). **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

People

Population (1980): 117 million. **Annual Growth Rate:** 0.8%. **Ethnic Groups:** 0.6% Korean. **Religions:** Shintoism and Buddhism; 0.8% Christian. **Language:** Japanese. **Literacy:** 99%. **Life Expectancy:** Males 73 yrs., females 78 yrs.

Government

Type: Parliamentary democracy. **Date of Constitution:** May 3, 1947. **Branches:** *Executive*—Prime Minister (Head of Government). *Legislative*—bicameral Diet (House of Representatives and House of Councilors). *Judicial*—Civil law system with Anglo-American influence. **Subdivisions:** 47 prefectures. **Political Parties:** Liberal Democratic Party (LDP), Japan Socialist Party (JSP), Democratic Socialist Party (DSP), Komeito (Clean Government Party), Japan Communist Party (JCP). **Suffrage:** Universal over 20.

Economy

GNP (1980): $990 billion. **Real Growth Rate:** 6% 1979, 6.1% 1969–79. **Per Capita GNP** (1980): $8,460. **Natural Resources:** Negligible mineral resources, fish. **Agricultural Products:** Rice, vegetables, fruits, milk, meat, natural silk. **Industrial Products:** Machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment. **Trade (1979):** *Exports*—$101.1 billion: machinery and equipment, metals and metal products, textiles. *Partners*—U.S. 28%, EC 10.8%, Southeast Asia 20.9%, Communist countries 6%. *Imports*—$98.7 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. *Partners*—U.S. 18%, EC 5.6%, Southeast Asia 20.7%, Communist countries 5%.

Membership in International Organizations

U.N. and its specialized agencies, International Court of Justice (ICJ), International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT), Organization for Economic Cooperation and Development (OECD), International Energy Agency (IEA), International Labor Organization (ILO), INTELSAT. ■

The President and the Prime Minister reaffirmed their belief that the U.S.-Japan Treaty of Mutual Cooperation and Security is the foundation of peace and stability in the Far East and the defense of Japan. In insuring peace and stability in the region and the defense of Japan, they acknowledged the desirability of an appropriate division of roles between Japan and the United States. The Prime Minister stated that Japan, on its own initiative and in accordance with its Constitution and basic defense policy, will seek to make even greater efforts for improving its defense capabilities in Japanese territories and in its surrounding sea and air space, and for further alleviating the financial burden of U.S. forces in Japan. The President expressed his understanding of the statement by the Prime Minister. They recognized their common interest in contributing to the defense of Japan, and expressed the hope for even more fruitful dialogue between the two countries on security matters. In this regard, they looked forward to the scheduled meetings in June on security matters by representatives of the two Governments both at the ministerial and working levels.

The receiving line at the state dinner: from left to right are Mrs. Suzuki, Mrs. Reagan, Prime Minister Suzuki shaking hands with Secretary Haig, and Mrs. Haig greets the President (behind the Secretary).

(White House photo by Michael Evans)

The President and the Prime Minister agreed upon the importance of the relationship between the industrialized countries and the developing countries. They expressed their hope that constructive progress will be made in dealing with the countries of the south through various means, in particular through the discussion scheduled for Ottawa and Mexico.

They affirmed that political, economic, and social stability of developing countries is indispensable for the maintenance of peace and stability of the world. The Prime Minister stated that the Government of Japan will strive to expand and improve its official development assistance under the New Medium Term Target and that the Government will strengthen its aid to those areas which are important to the maintenance of peace and stability of the world.

They also stated that they will continue to assist the victims of international instability through their aid to Indochinese, Afghan, and African refugees.

The President and the Prime Minister discussed various problems facing the world economy. In this connection, they expressed their concern about the rising pressure toward protectionism in many countries and affirmed that the United States and Japan are determined to continue their efforts to maintain and strengthen free and open trade principles embodied in the GATT framework. In this regard, the President expressed his appreciation for the voluntary action taken by the Government of Japan to restrain the export of automobiles to the United States at a time when the United States automobile industry is passing through a difficult adjustment period.

The President and the Prime Minister highly valued the role the Summit Meeting of the Seven Industrialized Nations plays in securing the stability and development of the world economy.

The President and the Prime Minister expressed their satisfaction with the close bilateral economic relationship and noted the prospects for a further expansion of these ties. They shared the view that economic issues between the two countries have been and should continue to be given early and mutually satisfactory solutions in the spirit of goodwill and cooperation.

The President and the Prime Minister highly valued the report of the Japan-United States Economic Relations Group which contains recommendations that will contribute to the long-term development of the United States-Japan economic relations. They agreed that the two governments should address the various recommendations for possible implementation. They also expressed the hope that the recommendations would be studied in such fora as the U.S.-Japan Businessmen's Conference.

They reconfirmed the importance of the dialogue between the two countries through various fora including the United States-Japan sub-cabinet group.

The President and the Prime Minister, noting that the energy problem continues to be critical to the healthy development of the world economy, reaffirmed the need for the two countries to make further efforts, together with other industrialized countries, in such fields as increase of energy production, promotion of development and use of alternative energy sources, and conservation of energy.

The President and the Prime Minister, in recognition of vital importance of preventing nuclear weapons proliferation, reaffirmed the need to continue to promote international efforts to this end. They shared the view, on the other hand, that the role of nuclear energy

Prospects for NATO

Finding fault with the Atlantic alliance has become a good-sized industry, giving employment to thousands of critics on both sides of the ocean. When we examine the assets of the Atlantic allies, however, a more promising picture emerges. We have the talent and the wealth among us to maintain a favorable balance of power with the Soviet Union. We can work together to restrain Soviet interventionism abroad. But we can do these things only if we think seriously about the alliance itself. We must remember why it was founded, what holds it together, and why it is crucial to the future—especially your future. An entire generation has grown up with NATO as much a fact of life as the electric light. You who do not know a world without NATO will soon take up the burdens of my generation.

NATO today presents two paradoxes. It is a military alliance uniting nations whose way of life and principles do not exalt the military virtues. It is a highly successful deterrent to war, yet its very success makes it easy to take NATO—and peace—for granted.

The alliance survives these paradoxes because the Atlantic family of nations is inspired by a common faith in the capacity of all men for self-government. No hereditary aristocracy, no religious orthodoxy, no master race, no privileged class, no gang of terrorists has a right to rule a people by force. As free peoples, we obey the laws passed by governments we have freely chosen. Our military forces take orders from elected civilian authority. Our young people enjoy freedom of thought, able to question even the worth of their own societies. These deeply held principles lead us to oppose aggression, tyranny, and terrorism.

A clear constrast exists between NATO and the Soviet-dominated Warsaw Pact. NATO is a voluntary defensive alliance pledged to strengthen free institutions and designed to deter aggression. The Warsaw Pact's armed forces have been used principally to deprive their own peoples of the right of self-government.

A similar contrast between the values of NATO and the values of the Soviet Union may be seen on East-West exchanges. The Soviets are anxious to import Western credit, Western technology, Western consumer goods and machinery, and Western food to save their system from its economic failures. The most controlled Soviet export, however, is human talent, those who wish to vote with their feet for opportunity in the West.

In fact, the Soviet system is showing signs of spiritual exhaustion. We are proud of our artists, scientists, and social critics; theirs are censored, exiled, sent on false pretenses to mental institutions, or condemned to forced labor. We are proud of the life of the mind to which Syracuse University is a living monument. The Soviets are afraid of the intellectual and spiritual life of their peoples.

The commitment of the allied countries to peace and freedom inspires not only our common response to the crisis in Poland but also our work in the Conference on Security and Cooperation (the Helsinki accords) in Europe on behalf of individual rights and contact between peoples. The Atlantic nations constitute an enduring natural community with many cultural, economic, and organizational links beside NATO itself. NATO lives because it is rooted in the ideals of this community. The alliance speaks to our deeply cherished beliefs.

Do we still need the Atlantic alliance? Secretary of State Dean Acheson explained the need for NATO to the American people in 1949 by saying that it was "the statement of the facts and lessons of history." Two world wars had shown that aggression aimed at the domination of Europe threatened the survival of the United States and inevitably involved us in war. Out of this bitter experience, we abandoned our historic policy of aloofness from European alliances. Our participation in NATO remains essential to the task of keeping the peace in Europe.

Allied strength and unity, not lack of Soviet ambition, have protected us. And allied weakness or disunity may tempt the Soviets. Indeed, we face today perhaps a more complicated challenge than was contemplated by the founders of NATO. The Soviet Union today is a power with a global military reach. Soviet forces are stronger than our own in some categories. And Soviet surrogates in Africa, Asia, and Central America, have been exploiting conflicts to the detriment of both the local peoples and Western strategic interests.

We should not exaggerate the strength of our adversary. Moscow faces an unenviable present and a gloomy future. A list of formidable problems confronts it, ranging from the hostility of China to the difficult Polish situation, from economic failures to ideological sterility. But these weaknesses should not make us too comfortable. A state as powerful and ambitious as the Soviet Union may be more dangerous because its weaknesses run to the heart of its system. That is why the first task of American leadership and the Atlantic alliance is to establish new restraints on Soviet behavior.

Recent Progress

Let me conclude by reporting to you on the recent progress we have made toward strengthening the alliance. At a meeting of NATO's North Atlantic Council earlier this week in Rome, we reaffirmed alliance solidarity and our belief in the values of Western democracy. In formal sessions and a host of informal meetings, the NATO governments freely achieved a consensus in order to bolster the common defense. Our approach reflected a very realistic Western attitude toward the problems of arms modernization and arms control. In announcing that negotiations with the Soviet Union on limiting theater nuclear weapons could commence by the end of the year, we and our allies demonstrated that free peoples were not afraid to talk with an adversary. In agreeing, at the same time, that NATO would modernize its defenses, the alliance also showed that negotiations must be supported by a sound military posture.

This is only the beginning, of course, but already a change for the better can be detected in the spirit of our cooperation. Clearly our allies welcome a more robust American leadership, informed by a more sensitive appreciation of their problems.

Today is also a beginning for you. You have heard me patiently—perhaps not so patiently—talk about ideals and identity, leadership and alliance, danger and opportunity. Your future is in your own hands. But the intangibles of Western civilization, the inner strengths, the real intellectual and spiritual treasures of free men are also in your hands. Cherish those things and cherish the instrument of their protection, the Atlantic alliance. Perhaps Benjamin Disraeli captured the moment of your graduation best when he wrote that "the youth of the nation are the trustees of posterity." It is my privilege today to wish you the very best as you commence your trusteeship.

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[1] Press release 142. ■

Foreign Policy and the American Spirit

by Secretary Haig

Commencement address before the graduating class at Hillsdale College, Hillsdale, Michigan, on May 16, 1981.[1]

A Spanish philosopher once wrote that the true mission of higher education was to teach vital ideas. Perhaps the most vital idea you can learn from your college years is that self-respect is fundamental to the individual. I would add that self-respect is also fundamental to the nation.

At times, over the past several years, it must have seemed to you that our country had forgotten this idea. The American people experienced profound self-examination and even self-doubt. Somehow the great motivating goals of the past had lost their power. We searched, seemingly in vain, for an objective to guide the future. Our confidence was shaken; our values were questioned; our institutions were attacked.

A loss of momentum and confidence at home was bound to affect our standing in the world. Our self-doubt transmitted itself to others who depended on us. Doubt of the present easily became fear for the future.

I believe this era in our national life has now drawn to a close. We have rediscovered ourselves as Americans. We are confident again, our values are sound, and our institutions are worth defending.

America's new confidence is founded in an old tradition: respect for the irrepressible genius of the individual. One of the marks of this genius is man's ability to glimpse a remote future and to be inspired by it. As the President has put it: Americans have begun to dream again of a better future. Americans have begun to believe again that this future, remote though it may seem, can be reached.

The resurgence of the American spirit has led to a remarkable consensus in our national life. Never have I seen such a firm and consistent consensus among the people, the Congress, and the Executive. The issue is not whether we should strengthen America but how quickly we can do so. The issue is not whether we should defend our interests abroad but how vigorously we can do so.

In my view, the renewal of American self-respect, pride, and confidence is the most important development in the world today. With this ingredient we can act to restore American leadership. With the restoration of American leadership, the achievement of a more peaceful and prosperous world becomes less remote.

The President has a clear sense of our objectives in foreign policy and a coherent program to restore American leadership. There should be no mystery about American purposes abroad. We want a world hospitable to our society and to our ideals. We seek a world where there can be peaceful change, where nations can settle disputes short of war. We shall work to restore the prospect of a world free from threats of force or the use of force.

Let me discuss very briefly the main lines of action in our foreign policy.

First, we shall insist on greater restraint and reciprocity in East-West relations. If we are seriously interested in a world where there can be peaceful change, where nations can settle disputes short of war, then we must act to restrain the Soviet Union and its surrogates. The improvement of our military capabilities, despite the cost, underlines our resolve in dealing with Moscow.

Our **second** line of action is to reinvigorate our alliances and friendships. A basic step is the restoration of a sense of confidence and trust in our leadership of the Western world. Irritants are being removed. We are seeking a larger consensus among our allies on common actions. And friends exposed to dangers believe once more that the United States will help them. On my trip to the Middle East and during the recent NATO conference in Rome, the change was evident. Our allies and friends are deeply appreciative of a more robust American leadership but also one more sensitive to their interests.

Third, we are seeking a more just and responsible relationship with the Third World. The developing states are beginning to see the difference between the offers of the East and the offers of the West. The Soviets bring weapons, a pervasive presence, and, eventually, a client-state relationship. The West brings economic development, science, technology, and humanitarian assistance. We will encourage the movement toward association with the West. It is in our interest to do so, and it offers the best hope for the developing states themselves.

Fourth, and finally, the President has advocated a revolutionary program to cure America's economic ills. The combination of spending and tax cuts, the regulatory reforms, are essential elements of fiscal responsibility. We have seen, very clearly, that an ailing American economy ultimately does great harm to our foreign policy.

The framework for action that I have outlined today draws upon an American consensus convinced of the worth of our society and the rightness of our cause. It is neither a boast nor a call to arms. Moderation and a willingness to negotiate will always be an essential part of American statecraft. But there must be restraint by others as well. Our allies -- and our adversaries -- must know that we are reliable. We shall not be passive when our interests are threatened.

Clearly, the restoration of American leadership in the world will not be easy. As Justice Learned Hand once put it: We shall have to be content with short steps; we shall be obliged to give and take; and in the end, we shall have fabricated an imperfect instrument. But as we take these steps, we go forward made confident by the spirit of liberty -- the spirit of America. We strive to make of our country, in Hand's words, a signal, a beacon, a standard to which the best hopes of mankind will ever turn.

Your generation now begins to assume this arduous task. It is your privilege to be able to do so in an atmosphere of fresh pride and confidence. Perhaps Benjamin Disraeli captured today's moment best when he said that the youth of the nation are the trustees of posterity. As you become the trustees of America's future, I ask only that you act with a sense of honor and a brave heart.

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[1] Press release 148 of May 18, 1981. ■

Q. Do you think that there is any difference of emphasis, though, between your government's position and the European position of the U.K. position? Is there any difference of emphasis there? We're not suggesting a row—

A. No, we've had a number of exchanges on this subject, and it may be premature to make that statement but thus far, no. And I think we are very anxious to get on with the peace process, and it remains to be seen whether we are going to be fortunate or not or the parties are to make the progress which we all seek both here in Europe and back in the United States.

REMARKS, PARIS, APR. 11, 1981[11]

I'll just make a few brief comments to describe my activities here in Paris this morning. They involved discussions with your Foreign Minister, Jean Francois-Poncet, and discussions just now with President Giscard. They involved first a debriefing of my recent trip to the Middle East and visit to Spain and yesterday London. We touched upon the situation, of course, in Poland, Afghanistan, and we had more detailed discussions about the very serious situation at the moment in Lebanon. As always these discussions were frank, cordial, and very, very constructive.

Q. What is your reaction to the recent Israeli military intervention in Lebanon?

A. Our position has consistently and regularly been that we are opposed to any use of force by any of the parties concerned, and we would actively and strenuously support a cease-fire and a peaceful process.

Q. Have you made these feelings known to the Israeli Government?

A. I don't make it a habit of stating publicly the character of our discussions, but you can be sure that they are consistent with our public position.

Q. Will there be a common accord by the United States and France for the return of peace in Lebanon?

A. I think we have this morning conducted a number of detailed discussions between the foreign office here and my delegation and with respect to actions to be taken in the future on Lebanon. We clearly see a role for the United Nations in the situation, and perhaps it would be necessary if the parties themselves cannot deal with it effectively to consider a peacekeeping force of some kind. We do feel that the matter is urgent and needs our intense attention in the period ahead, and we are involved in a number of coordinated diplomatic activities.

Q. Were there any areas in which American policy and French policy are at odds?

A. I am sure there are because we are two sovereign nations, and it would be historically unprecedented for two sovereign nations to coincide in every inuendo and nuance of the conduct of foreign affairs. But I am very, very pleased with the overall convergence of French and American policy with respect to the major issues—especially East-West and the situation in Afghanistan, the situation in Poland, and the need to deal urgently with the problem in Lebanon.

DEPARTURE REMARKS, BONN, APR. 11, 1981[12]

I will just make a few remarks and I would preface them with a quote from my old German-speaking mentor, Dr. Kissinger, who said: "If you knew everything I knew, you'd agree with everything I am about to say."

We've had very, very good discussions here in Bonn with the Foreign Minister and his colleagues and with the Chancellor. These discussions involved a review in the spirit of the new consultative attitude of the Reagan Administration, of the impressions we gained on our recent trip to the Middle East—the capitals of Egypt, Israel, Jordan, Saudi Arabia—additional comments and impressions as a result of our visit to Madrid, Spain; the discussions held yesterday and today in London and Paris, and Rome the night before. Our discussions ranged from the trip itself to an analysis of the current situation in Afghanistan and Poland, East-West relations in general.

We discussed the issue of the tactical nuclear force modernization and the parallel aspect of the second track which involves the early discussions for arms control in Geneva or whatever appropriate location is decided on as has always been the case—and especially so following the recent visit of the Foreign Minister to Washington. Our discussions have been intimate, detailed, and frank in the spirit of a Western sense of frank. I am very, very pleased to have had this opportunity, and I am grateful to the Chancellor for giving us so much of his time on a Saturday and to my friend, Mr. Genscher, who has been equally generous.

Q. As a result of your swing through the Middle East, do you believe it will be helpful or unhelpful for the West Germans to sell tanks and other military equipment to Saudi Arabia?

A. I wouldn't presume to intervene in an issue of internal policy deliberations here in West Germany. I think it would be wrong and inappropriate, clearly. The United States is dealing with a similar problem with respect to F-15 enhancement and AWACS aircraft, and our decision is to proceed with that, with the modalities yet to be determined.

Q. There seems to be great concern about a remark that Defense Secretary Weinberger made last week that he felt that if the situation in Poland continued to be threatening, it would mean that there could be no discussions between the United States and the Soviet Union on theater nuclear forces. Do you have a different attitude, and did an occasion arise today for you to explain that attitude to Mr. Genscher and the Chancellor?

A. I think that what Mr. Weinberger said here is consistent with the policy that all of our Western nations and the United States have taken, and that is: to express profound concern about the consequences of direct Soviet interventionism, or internal suppression, that would have profound consequences for a considerable period of time for the conduct of East-West relations, including arms control and such things as assistance to the needs of the Polish people as well. And we want this to be determined and resolved by a peaceful process determined by the people of Poland.

Q. What is the current situation? Have you compared notes, and is it still as tense as it has been—militarily—around Poland?

A. I guess the answer to that question is that we were all somewhat relieved by the recent statement of Mr. Brezhnev which reflected greater moderation. We continue to watch the military situation carefully. In the light of that statement, I would say that there is some easing of a sense of concern that we felt for a period of time here, starting last week.

Q. Once more back to the statement of Mr. Weinberger. As I remember, he didn't mention any invasion; he said "pressure" would be enough not to come together to a meeting. Would you agree?

A. I have to be careful on that, because I haven't talked to Mr. Weinberger about what he said. Until I do I wouldn't get into the nuances of your question.

Q. Would you say pressure is enough or—

A. You are trying to put me in a position I think you think you have him in. I would like to be sure of what Mr. Weinberger said. We are talking about internal repressions or external intervention based on Soviet decisions and management.

Q. What do you think of the projected visit of Mr. Brezhnev to Bonn?

A. I understand such a thing is under consideration. This is a decision for the leadership here in Bonn to make. Clearly, there has been nothing in the American demeanor and President Reagan's demeanor which suggests that we would not expect to continue a dialogue with the Soviet Union. And we expect our partners to do the same.

Q. You have said that you want to have a chance to consult with the allies while our policy takes form. What did they ask you to do about the SALT talks, and what have you been able to tell them?

A. Frankly they have asked us to do nothing about the SALT talks; and I think that's because we have kept them abreast of the situation in Washington, which involves a thorough review of the overall SALT situation. I am confident that our allies will patiently await the completion of that review. It has not been completed.

Q. What is your estimate?

A. I think it is too early to make an estimate.

Q. You indicated that the dialogue could take place between Mr. Brezhnev and the leadership of West Germany. Do you favor a dialogue between the President of the United States and Mr. Brezhnev?

A. At the right time, of course. But I think we have made it very clear—and the President has made it very clear himself—that he would anticipate indulging in summitry, but that it should be well prepared and that the consequences of such a summit meeting would anticipate a successful outcome. That means the preparation is thorough and detailed. And I don't foresee such a meeting in the near future.

Q. You spoke about a certain easing of the concern about Poland. Does this mean that American observations indicated the military forces brought up toward the Polish borders east and west for maneuvers are now being returned to their barracks?

A. When I say that, that value judgment involves an assessment of the recent statement of Mr. Brezhnev as well as our assessment of the military situation which still reflects a high state of readiness but which is somewhat improved.

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[1] Press releases pertaining to this trip, but which are not printed here, are No. 99 of Apr. 16, 1981, 100 of Apr. 16, 101 of Apr. 16, 103 of Apr. 22, and 109 of Apr. 24.

[2] Press releases 87 of Apr. 6 and 96 of Apr. 16.

[3] Press release 97 of Apr. 16.

[4] Press release 98 of Apr. 16.

[5] Press release 102 of Apr. 22.

[6] Press release 104 of Apr. 16.

[7] Press release 105 of Apr. 23.

[8] Press release 106 of Apr. 23.

[9] Press release 108 of Apr. 10.

[10] Press release 110 of Apr. 24.

[11] Press release 111 of Apr. 24.

[12] Press release 112 of Apr. 28. ■

Interview for *Great Decisions*

Secretary Haig was interviewed by Ken Sparks on March 16, 1981, for Great Decisions 1981.[1]

Q. What are the principal goals of this Administration in foreign policy over the next 4 years? And what would you say are the principal differences in Mr. Reagan's foreign policy from that of his predecessors?

A. Without trying to draw too many sharp distinctions, I think the dominating concern of this Administration is the recognition that the decade we have now entered is at once simultaneously the most dangerous and perhaps the most promising that free societies have faced, certainly since the Second World War. It is our belief that this is going to require a somewhat different approach to our foreign affairs problems. It means we're going to have to recoil from the post-Vietnam syndrome—as it's been referred to—and, once again, have our weight felt in the international community.

We hope to do this in a very measured and modified way, recognizing that the post-World War II unique superiority that we Americans enjoyed is no longer ours. The basic themes will be as I stated in my recent testimony before the Foreign Relations Committee: a consistency in policy; not to veer day-to-day based on the pressures of momentary headlines, but a consistent set of themes which we will follow; reliability, so that traditionally friendly nations, those which share our values, can apply those values, although in distinctly different and unique ways in the context of their own self-determination; and, finally, most importantly of all, I think, is balance—to recognize that conduct of foreign affairs represents the careful, measured, sophisticated integration of political, economic, and security-related aspects of our conduct abroad. That must be part of an integrated mosaic.

Q. You have concentrated most of your experience in recent years on European affairs. How does it feel to find yourself faced at the beginning of your new job with the crisis in El Salvador?

A. It's not new to me. I guess I left the trolley in the post-Cuban missile crisis situation when I worked for Jack Kennedy and for Cy Vance and was the Defense Department representative on the interdepartmental framework that dealt with, at that time strangely enough, Cuban subversion in Central America and in the hemisphere.

So it's ironic and rather frustrating that here, once again, we're faced with the export of Cuban subversion, armaments, and interventionism in an imperialist way in this hemisphere.

Q. There are reports that the land distribution program in El Salvador is having a great deal of success now. To what extent do the socioeconomic issues in that country enter into our foreign policy?

of the eleven integrated battalions in last month's difficulties. Most observers now believe that Zimbabwe will for at least the near term have a larger army than was initially anticipated, due to the fact that most of the remaining 25,000 guerrillas will probably be incorporated into the new national army.

As noted in detail in the 1981 "Country Reports on Human Rights Practices," independent Zimbabwe on the whole has a good record in living up to the guarantees on civil liberties contained in the Lancaster House accords, in particular those contained in Annex C. Zimbabwe continues to be a functioning, multi-party, parliamentary democracy in which the rights of the population as set forth in the constitution are respected.

The basic rights called for in the agreement such as the right to life, personal liberty, freedom from torture and inhuman treatment, freedom from deprivation of property, privacy and freedom of conscience, expression, and assembly are in effect. Thus, for example, at the time of this report, there are no persons under detention in Zimbabwe because of their political views. In order to end South African control of the press, the government purchased controlling interest from the Argus Groups and invested it in a national press board which appears so far to operate independently. The electronic media are sometimes criticized for being overly enthusiastic about government policies.

The House of Assembly and the Senate which were set up pursuant to the Lancaster House agreement have proven to be active political bodies in which substantive and frank debate is the order of the day. Regularly scheduled elections continue to be held, most recently at the local level. Nevertheless, disturbances led to the postponement of local government elections in Bulawayo following clashes between partisans of competing political parties.

The court system rcognized in the Lancaster House agreement functions as set forth in the agreement. Thus, for example, ZANU–PF [Zimbabwe African National Union-Patriotic Front] Secretary General Edgar Tekere, who was charged with the murder of a white farmer, was freed by the court under a law passed by the former regime to protect government officials. While many Zimbabweans may have lamented Tekere's release, it was widely noted that, as promised, Prime Minister Mugabe's government did not interject itself in any way into the judicial process. The public service and the police also operate as set forth in the Lancaster House agreement.

Sincerely,

RONALD REAGAN

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[1] Identical letters addressed to Charles H. Percy, chairman of the Senate Foreign Relations Committee, and Clement J. Zablocki, chairman of the House Foreign Affairs Committee (text from Weekly Compilation of Presidential Documents of Apr. 6, 1931.) ■

U.S.-Canada Consultations on Garrison Diversion Unit

On April 23, 1981, representatives of the United States and Canada met in Washington to begin a formal process of consultations on the Garrison Diversion Unit, a multipurpose water resource project in the State of North Dakota.

The U.S. representatives reiterated previous assurances to Canada that the United States would honor its obligations under the Boundary Waters Treaty of 1909 not to pollute waters flowing across the boundary to the injury of health or property in Canada and its commitment that no construction potentially affecting waters flowing into Canada would be undertaken until it is clear that this obligation would be met. U.S. representatives reviewed the history of the Garrison Diversion Unit, provided information on its current status, and indicated they were resolved to address the technical issues in a manner that responds to Canada's concerns.

North Dakota officials described possible phased development of the project which would provide for construction of features having no impact upon waters flowing into Canada and would subject other features to experimental tests, conducted in consultation with Canada, to identify those features that could be constructed to the satisfaction of both North Dakota and Manitoba.

The U.S. representatives indicated they intend to continue to study various alternatives for project development.

Canadian representatives stated that Canada remains opposed to the Garrison Diversion project as currently designed and authorized because it contains features which, if built, would lead to serious harm to Canadian waters, in contravention of the treaty. They explained their central concern that the transfer of water from the Missouri River basin into the Hudson Bay basin would introduce into Canadian waters foreign fish species, parasites, and diseases (biota), which would do serious and irreversible damage to the multimillion-dollar commercial and native subsistence fishery on Lake Winnipeg. They reiterated their position that, in the absence of agreed technological means of preventing the transfer of biota, the Garrison project should be modified to eliminate any transfer of water.

Both sides expressed satisfaction with the meeting as a useful step in advancing mutual understanding of the Garrison project. There was agreement to continue the process of consultations, including technical discussions, over the coming months.

The delegations were headed by Raymond C. Ewing, Deputy Assistant Secretary for European Affairs, Department of State, and Edward G. Lee, Assistant Under Secretary for U.S. Affairs, Department of External Affairs.

Press release 113 of Apr. 23, 1981. ■

Maritime Boundary Treaty and Fishery Agreement

MESSAGE TO THE SENATE, APR. 21, 1981[1]

On March 6, 1981, I asked the Chairman of the Committee on Foreign Relations to uncouple two pending treaties, signed March 29, 1979, relating to East Coast fishery and maritime boundary matters. I made this request after members of the Senate leadership advised me the treaties could not be ratified as they were.

My goal, as I am sure is yours, is to resolve the fishery problem and at the same time fortify our strong and close relationship with Canada.

Our two nations have built a friendship based on good will and mutual respect, recognizing that we both have independent, national interests to pursue. I believe that the proposed course of action will ensure the settlement of the maritime boundary by an impartial and binding procedure, and that it will allow a future fisheries relationship with Canada to be based on better known facts and circumstances.

Therefore, I recommend that the Senate give advice and consent to ratification of the Treaty Between the Government of the United States of America and the Government of Canada to Submit to Binding Dispute Settlement the Delimitation of the Maritime Boundary in the Gulf of Maine Area, signed at Washington, March 29, 1979, subject to technical amendments including an amendment which would allow it to be brought into force without the entry into force of the accompanying fishery agreement. And, I re-

International Organizations

The maps in this section present some of the major international organizations. In the 20th century the world's governments have created many international bodies to carry out functions that are beyond the power or authority of any single government. Some of these organizations are universal in that they are open to all countries irrespective of geographic location or political or economic order. Others are particular organizations in that membership is based on geographical, political, economic, historical, or other special considerations.

The organization that comprises virtually all countries is the United Nations. Founded in 1945 at the end of World War II, the United Nations was intended to pool the strength and resources of the entire community of nations not only to settle international disputes but to promote economic and social progress. The U.N. system includes specialized and related agencies and other international organizations carrying out responsibilities in diverse technical fields.

Most countries also belong to one or more particular associations serving regional or other special interests. These include defense arrangements that have no official connection with the United Nations as well as economic groupings that have U.N. standing or cooperate in U.N. activities. In membership most of these bodies reflect the world's division into three groups of nations–the industrial democracies (countries with a developed market economy and accountable governments), the Soviet bloc (countries with a centrally planned economy allied with the U.S.S.R.), and the Third World (consisting of the many and varied developing countries located mostly in southern parts of the globe).

Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. The material is written and compiled in the Bureau of Public Affairs by Harry F. Young; maps and graphics are prepared with the assistance of the Office of the Geographer, Bureau of Intelligence and Research.

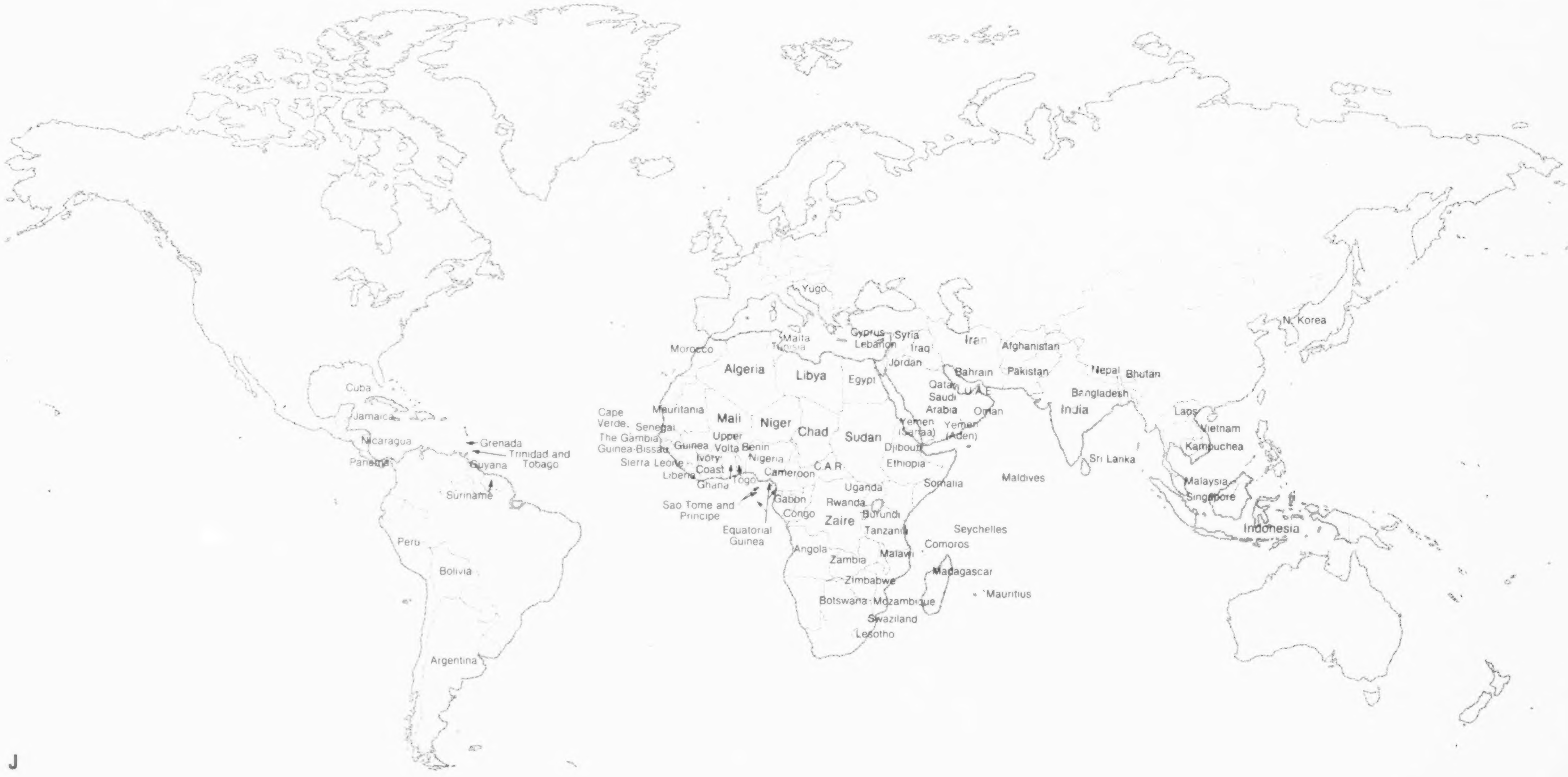
THE EDITORS

Nonaligned Movement

The Nonaligned Movement is a formal association of Third World states designed to promote the political and economic interests of developing and dependent nations. It supports efforts to remove colonial rule and stands behind the U.N. General Assembly's 1974 Declaration on the New International Economic Order, calling for transfer of economic resources to the Third World. The term "nonaligned" referred originally to the position of neutrality between East and West adopted by many new and developing countries in the 1950s. The present organization dates from the 1961 Belgrade conference sponsored by Yugoslavia, Egypt, and India.

The movement's membership is not open to all developing countries. Although North Korea was granted membership in 1975, South Korea and the Philippines were rejected on the grounds of their close alignment with the United States. Two members, Cuba and Vietnam, belong to the COMECON. The Nonaligned Movement's chairman for 1979–81 is Cuban leader Fidel Castro.

Members: Afghanistan, Algeria, Angola, Argentina, Bahrain, Bangladesh, Benin, Bhutan, Bolivia, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cuba, Cyprus, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kampuchea, Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Morocco, Mozambique, Nepal, Nicaragua, Niger, Nigeria, North Korea, Oman, Pakistan, Panama, Peru, Palestine Liberation Organization, Qatar, Rwanda, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Suriname, South West African People's Organization, Swaziland, Syria, Tanzania, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Upper Volta, Vietnam, Yemen (Aden), Yemen (Sanaa), Yugoslavia, Zaire, Zambia, Zimbabwe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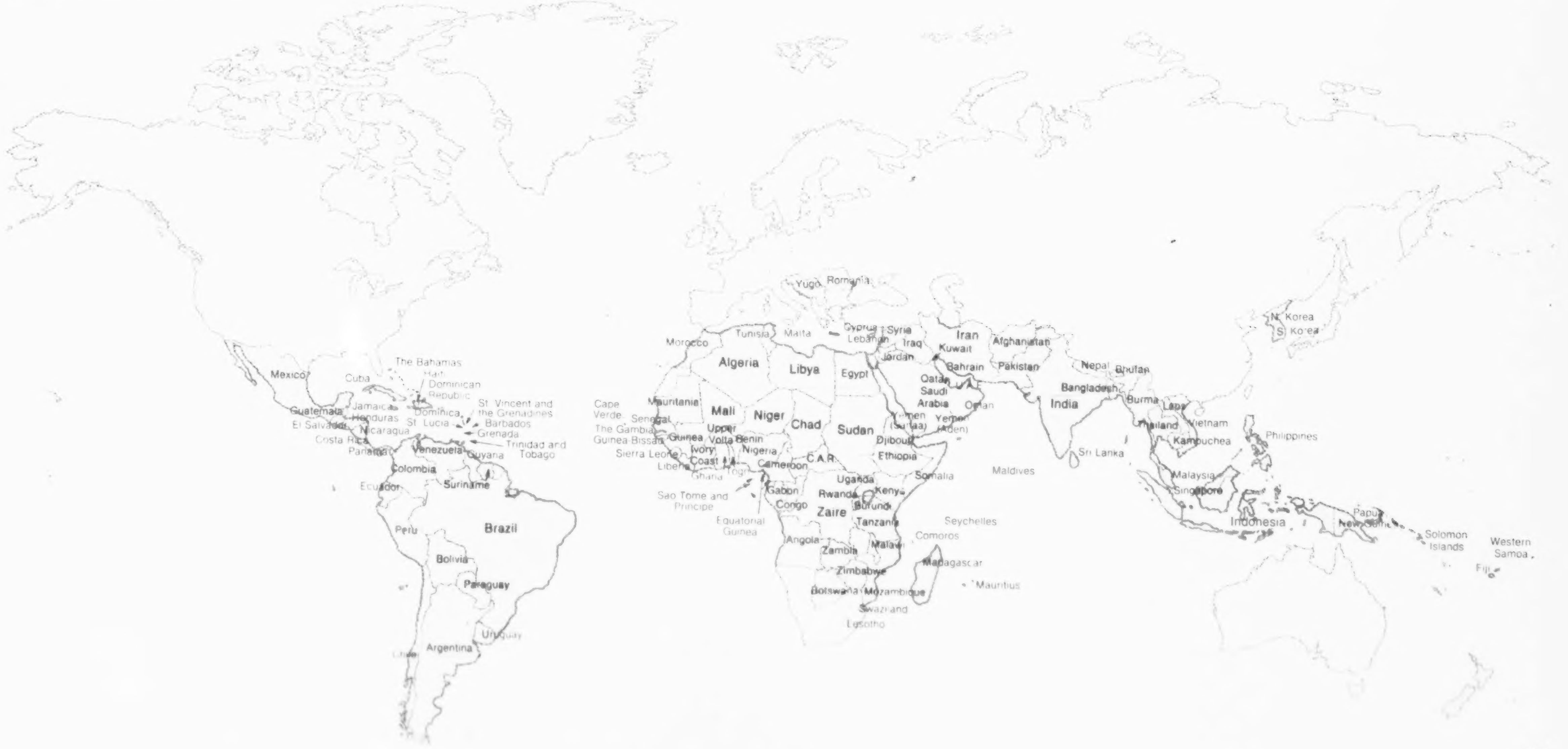
Senegal
The Gambia
Guinea-Bissau
Guinea
Sierra Leone
Liberia
Mauritania
Mali
Upper Volta
Ivory Coast
Ghana
Togo
Benin
Niger
Nigeria
Cameroon
Sao Tome and Principe
Equatorial Guinea
Gabon
Congo
Yugo.
Malta
Tunisia
Libya
Chad
C.A.R.
Zaire
Angola
Zambia
Zimbabwe
Botswana
Mozambique
Swaziland
Lesotho
Egypt
Sudan
Uganda
Rwanda
Burundi
Tanzania
Malawi
Madagascar
Comoros
Seychelles
Mauritius
Cyprus
Lebanon
Syria
Iraq
Jordan
Iran
Bahrain
Qatar
Saudi Arabia
U.A.E.
Oman
Yemen (Sanaa)
Yemen (Aden)
Djibouti
Ethiopia
Somalia
Maldives
Afghanistan
Pakistan
Nepal
Bhutan
Bangladesh
India
Sri Lanka
Laos
Vietnam
Kampuchea
Malaysia
Singapore
Indonesia
N. Korea

Group of 77

The Group of 77 (G-77) is the Third World's economic advocate. More loosely organized than the Nonaligned Movement, the group had more than 120 members in 1980, comprising virtually all developing countries. The term originated with the 77 nations supporting a common program at the first meetings of the U.N. Conference on Trade and Development (UNCTAD) in 1964. Meeting as the G-77, developing countries prepare common positions for international economic negotiations. Like the Nonaligned Movement, the G-77 urges changes in the world economic system to promote faster growth in the Third World.

Members: Afghanistan, Algeria, Angola, Argentina, Bahamas, Bahrain, Bangladesh, Barbados, Benin, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo, Costa Rica, Cuba, Cyprus, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kampuchea, Kenya, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Nepal, Nicaragua, Niger, Nigeria, North Korea, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Romania, Rwanda, St. Lucia, St. Vincent and the Grenadines, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somalia, South Korea, Sri Lanka, Sudan, Suriname, Swaziland, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Tanzania, Upper Volta, Uruguay, Venezuela, Vietnam, Western Samoa, Yemen (Aden), Yemen (Sanaa), Yugoslavia, Zaire, Zambia, Zimbabwe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El Salvador
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St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Venezuela
Guyana
Colombia
Suriname
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Cape Verde
Senegal
The Gambia
Guinea Bissau
Sierra Leone
Liberia
Morocco
Mauritania
Guinea
Ivory Coast
Ghana
Togo
Upper Volta
Benin
Mali
Algeria
Tunisia
Malta
Niger
Nigeria
Cameroon
Sao Tome and Principe
Equatorial Guinea
Gabon
Congo
Libya
Chad
C.A.R.
Zaire
Angola
Zambia
Rwanda
Burundi
Uganda
Kenya
Tanzania
Malawi
Zimbabwe
Botswana
Mozambique
Swaziland
Lesotho
Madagascar
Mauritius
Comoros
Seychelles
Egypt
Sudan
Ethiopia
Djibouti
Somalia
Yugo.
Romania
Cyprus
Lebanon
Syria
Iraq
Jordan
Iran
Kuwait
Bahrain
Qatar
Saudi Arabia
Yemen (Sanaa)
Yemen (Aden)
Oman
Afghanistan
Pakistan
India
Maldives
Sri Lanka
Nepal
Bhutan
Bangladesh
Burma
Laos
Thailand
Vietnam
Kampuchea
Malaysia
Singapore
Philippines
Indonesia
Papua New Guinea
Solomon Islands
Western Samoa
Fiji
N. Korea
S. Korea

ought to be further expanded under appropriate safeguards to meet the increasing energy needs of the world and that the United States and Japan have special responsibility to cooperate further in promoting the peaceful uses of nuclear energy. In this connection, the President endorsed the view of the Prime Minister that reprocessing is of particular importance to Japan. The President and the Prime Minister thus agreed that the two governments should promptly start consultations with a view to working out a permanent solution at an early date on such pending issues as the continued operation of the Tokai Reprocessing Facility and the construction of an additional reprocessing plant in Japan.

Underscoring their belief that cultural exchange is an important element in fostering mutual understanding and friendship, the President welcomed the announcement of the Prime Minister that the Government of Japan has made a financial contribution to the Japan-U.S. Friendship Commission and that it has announced its intention to give substantial financial assistance respectively to the Japan Society of New York and, in a continuing manner, to the Special Japan-U.S. Exchange Program of "Youth for Understanding" which is to commence next fiscal year.

Finally, the Prime Minister expressed his sincere appreciation to the President for the warm reception he has received during his visit to the United States. The Prime Minister extended an invitation to the President to visit Japan. The President thanked the Prime Minister for his gracious invitation, and said that he hoped to visit Japan at a mutually convenient time.

DEPARTURE REMARKS[1]

President Reagan

This has been a most fruitful meeting for both our countries. We have established a bond of friendship. In fact, last night, the Prime Minister referred to it that we were buddies. And we have come to an agreement, or at least discovered, perhaps I should say, that we're in agreement on a number of broad issues--economic, political, military--and have established a base whereby we can have full consultation, and any possible difference or misunderstanding that might arise that we can be in instant contact to resolve it. So, we're most grateful and honored that the Prime Minister has been here, and as I say, I think we're all much better for what has been decided in the meetings we've held.

Prime Minister Suzuki[2]

Thank you very much for your kind words. As you've just said, through the 2 days of talks with you we have been able to establish between us an unshakable basis of friendship and mutual trust. And this is the greatest treasure that I take home from my visit to the United States to Japan.

Also, in the course of our 2-day talks, we touched on a broad range of issues, political-economic and other issues, including the questions of the relationship between the developing and the developed parts of the world and, also, including the question of how the countries in the West should cooperate together in securing, in a comprehensive manner, the security of the West as a whole.

We did engage in very forthright and open exchanges of views and, as a result, we were able to confirm that we have a basic convergence of views and perceptions about the important matters that face the international community today. We were also able to reaffirm that we are both dedicated to the common goal of securing world peace and stability and prosperity, and we reaffirmed our common resolve to join our hands together and move vigorously forward to that end.

We also agreed that we will always be in very close touch. We will communicate with each other very closely, consult very closely on these global issues, as well as on the problems that we may have in our bilateral relations. On the basis of mutual trust and friendship that I have been able to establish with you as true partners and as true friends, we can certainly contribute together to the further advancement of the relations between our two countries.

My visit this time has been very, very fruitful thanks to your kind cooperation, and I'm happy to report to you that I'm perfectly satisfied with the very fruitful visit that I've been able to have. Thank you very much. [Applause.]

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[1] Texts from Weekly Compilation of Presidential Documents of May 11, 1981, which also includes the exchange of toasts between the President and the Prime Minister following a dinner at the White House on May 7.

[2] The Prime Minister spoke in Japanese, and his remarks were translated by an interpreter. ■

A New Direction in U.S. Foreign Policy

Secretary Haig's address before the American Society of Newspaper Editors (ASNE) on April 24, 1981.[1]

Some 100 days have elapsed since President Reagan's inauguration. In the field of foreign affairs, the first controversial steps have been taken. To paraphrase Mark Twain, these actions have pleased more than a few and astonished the rest. Although we have not remade the world, a new direction is evident.

We are acting to restore confidence in American leadership through a more robust defense of U.S. ideals and interests and a more realistic approach to the dangers and opportunities of the international situation. It is my purpose today to outline briefly the philosophy behind the new direction: this Administration's view of the realities of the world and the tasks before us.

A French statesman once remarked that the true business of government was to foresee problems and to administer appropriate remedies while time remained. In our approach to foreign affairs, we have sought to distinguish between the symptom of the problem and the problem itself, the crisis and its cause, the ebb and flow of daily events and the underlying trend. The problems that beset us are clearly symptomatic of deeper disorders, and it is to these fundamental movements of international politics that we must direct our remedies.

- Worldwide inflation, caused in part by astounding increases in the cost of oil, interrupts balanced economic growth essential to the aspirations of both developing and developed nations.
- Limited resources and political disturbance impede the eradication of hunger, poverty, disease, and other important humanitarian goals.
- Disruption from abroad threatens a more vulnerable West, as we draw energy and raw materials from regions in which the throes of rapid change and conflict prevail.
- Soviet military power grows relentlessly as Moscow shows an increasing readiness to use it both directly and by proxy and obstructs the achievement of a more just international order.

We must understand that these conditions are interrelated; they play upon each other; and the danger is, therefore, all the greater. If present trends are not arrested, the convergence of rising international disorder, greater Western vulnerability, and growing Soviet military power will undo the international codes of conduct that foster the peaceful resolution of disputes between nations. The symptoms of this breakdown—terrorism, subversion, and conquest—are already apparent. The ideals and safety of democratic societies are under assault.

Imaginative remedies might have prevented the current danger. Unfortunately, as these ominous developments gathered strength over the last decade, America's confidence in itself was shaken, and American leadership faltered. The United States seemed unable or unwilling to act when our strategic interests were threatened. We earned a reputation for "strategic passivity," and that reputation still weighs heavily upon us and cannot be wished away by rhetoric. What we once took for granted abroad—confidence in the United States—must be reestablished through a steady accumulation of prudent and successful actions.

Before others can repose confidence in us, we must ourselves be confident. The Reagan foreign policy, therefore, begins with a justifiable pride in our country, its ideals, and in its achievements. Government by the people and a society under law are great principles to defend. Regard for individual liberty at home translates into a concern for human rights abroad.

We are acting to restore confidence in American leadership through a more robust defense of U.S. ideals and interests and a more realistic approach to the dangers and opportunities of the international situation.

Moreover, we are fully conscious of our historic role in the defense of freedom. Together with our allies, we have shared peace and prosperity. The United States continues to be the natural anchor for the free societies of the Atlantic and Pacific. Our objective remains simple and compelling: a world hospitable to our society and our ideals.

Confidence in ourselves—the crucial psychological element in any foreign policy—is evident throughout President Reagan's program to restore confidence in American leadership abroad. Our actions are directed toward three projects:

First, to enlarge our capacity to influence events and to make more effective use of the full range of our moral, political, scientific, economic, and military resources in the pursuit of our interests;

Second, to convince our allies, friends, and adversaries—above all the Soviet Union—that America will act in a manner befitting our responsibilities as a trustee of freedom and peace; and

Third, to offer hope and aid to the developing countries in their aspirations for a peaceful and prosperous future.

The President has established clear priorities in the pursuit of these projects. Understanding that American economic weakness would cripple our efforts abroad, he has proposed a revolutionary program to restore inflation-free economic growth. This program recognizes that America's strength is measured not only in arms but also in the spirit of individual enterprise, the soundness of the dollar, and the proper role of government in a free society.

Fundamental to this approach is also the belief that economic recovery must be accompanied by a prompt correction of defects in our military posture. For too long, we have ignored this fact: The military strength required by the United States can be achieved only through sacrifice and consistent purpose. We have proposed a heavy investment in our Armed Forces to assure safety for ourselves and the generations to come.

Our economic and military programs have not lessened the need for balanced economic and security assistance abroad. This helps allies and friends to join us in contributing to the general security. It also adds to the flexible instruments of influence required for a successful foreign policy.

These efforts to strengthen America's economic and military capa-

Secretary Haig Visits the Middle East and Europe

Secretary Haig departed Washington, D.C., on April 3, 1981, to visit Egypt (April 4–5), Israel (April 5–6), Jordan (April 6–7), Saudi Arabia (April 7–8), Italy (April 8), Spain (April 8–9), the United Kingdom (April 9–11), France (April 11), the Federal Republic of Germany (April 11), and returned to Washington on April 11.

Following are remarks he made on various occasions during that trip.[1]

ARRIVAL REMARKS CAIRO, APR. 4, 1981[2]

I and my party are delighted to be here in Cairo. It is appropriate that President Reagan would have asked me to initiate my foreign travel to the Middle East. It is equally significant that our first stop would be here in Egypt, for Egypt is a nation with a special destiny. In ancient times, its contributions to civilization have been legendary.

Today Egypt is engaged in a unique experiment that combines faith and science toward the objective of human development. Under your illustrious leader, progress has already been remarkable. It has been his objective to insure development, stability, and security for the entire region. I want you to know that President Reagan shares that vision for this area. He is personally dedicated to the proposition that a strong Egypt is absolutely indispensable to peace and stability in this region and globally. And it is unfortunate this morning that my stop here in Cairo is clouded once again by growing tensions for peace and stability in Europe.

President Sadat is a worldwide leader, a man whose own vision has enabled us—through his historic visit to Jerusalem, through his participation in the Camp David accords—to already bring peace between Egypt and Israel—what a few short years ago seemed an illusory dream. And so I and my party are here today to drink of the wisdom of you and of President Sadat, to learn how best we Americans can participate in a partnership which seeks to enhance the security of this region which will enable us to carry forward with the peace process with Israel within the confines of the Camp David accords; and finally, most importantly, to broaden and strengthen those bonds of friendship between the people of America and the people of Egypt.

REMARKS, CAIRO, APR. 5, 1981[3]

President Sadat

Let me seize this opportunity to express my gratitude to President Reagan who sent me our dear friend, Secretary Haig, to the area here in this precise moment.

First of all, I wanted him to know how we lived with all our sentiment, the anxiety for the incident that took place in Washington, and thank God President Reagan stayed in good shape and is performing his duties, but I wanted my friend to convey to our dear American people how we lived the anxiety with them with all our feelings.

This is a happy occasion—a very happy occasion—also for the second time to meet with my dear friend, Secretary Haig. After he was appointed Secretary of State, I'm not exaggerating when I say the proper man in the proper position and in the proper moment is not my idea only, but in February I was addressing the European Parliament and I felt the same thing toward Secretary Haig, and I was very happy and proud because Haig is a friend, to hear this from the Europeans. It is time that the United States resumes its role as the first superpower that is responsible for peace all over the world. Secretary Haig has been known among all of us as a man of vision, and his appointment has filled us with joy. We have followed the very strenuous hours when he was doing hearings in the Congress and the Senate, and it filled us with happiness and joy to see a man in the State Department with a vision and decision like my friend, Secretary Haig.

Today we had a very fruitful and constructive discussion. We have spent together 2 hours, and we have spent also with our delegation the necessary moments to let each other know the position of the other. And the peace process, as I have often said, we could have never achieved anything without the United States acting as a full partner, that's what I told my friend, Secretary Haig.

I am happy to tell you that I found him fully acquainted with all the details. We must not forget that he has already his share in this peace process since 1974. I had him fully acquainted with all the details, and I was very happy also to survey the situation with him in the area and in the various parts of the world. And as I told you, it has been a very fruitful and positive discussion and exchange of views.

On the bilateral side, I need not tell you that we enjoy a marvelous relation between the two countries—the United States and Egypt—and I seize this opportunity also to ask Secretary Haig and the distinguished delegation with him to convey our gratitude for the gallant American people, the President, and the Senate and the Congress for the understanding and the help that we have received from them. For us, we feel indebted to them, and all I can say is this, like I told Secretary Haig and his distinguished delegation, that they can count on us as true friends. We shall always be with them, either in the dark hour or the bright one. Secretary Haig is a man we admire, and I told him we shall always be very happy to receive him here in Egypt whenever it is convenient to him. And let me ask him to convey to President Reagan all our very best wishes and congratulations for his safety and convey to the gallant American people our admiration and our true friendship.

Secretary Haig

On behalf of President Reagan, the American delegation now visiting your country, and, of course, myself in a very personal as well as official way, let me express our gratitude for these extremely fruitful discussions we've had with your government officials, and most importantly, the lengthy discussion that I had with you personally this morning.

It clearly underlines the fundamental convergence of Egyptian and American policies with respect first to the peace process, where this Administration—I know I speak for President Reagan—will continue to participate as full partners; for the quality and the great value of the strategic appraisal which you provided to me this morning, which I can confirm closely coincides with President Reagan's own world view; and thirdly, to thank you. We certainly recognize the visionary statesman of our time, the man who made peace in the Middle East possible, the man who epitomized statesmanship and its interrelationship with binding friendship. There is a strong interrelationship between the two.

And to thank you again, in a personal sense, for your counsel to me. After all we came here to drink of your wisdom, to take counsel, and to find facts on the three areas I've just touched upon: the peace process, the strategic situation in the area and globally, and that important and fundamental area, Egyptian-American relationship on the bilateral side. In every area of our discussion, the outcome has been highly successful, and I know we are very pleased.

Q. What did you accomplish in these meetings with regard to some of the outstanding issues—the presence of Americans in the multinational force, the state of Ras Banas base, the strategic relationship between the United States and Egypt over the Soviet expansionism?

President Sadat: We have discussed this really—every item that you mentioned—thoroughly. And I can tell you that we have reached agreement on certain points, and we have left to our aides certain points for preparation but as a whole, as I told you, both of us are optimistic for the future.

Q. Have you discussed the Palestinian question and the possibility of the resumption of the autonomy talks, and what other items concerning the Middle East Peace process do you have in mind?

Secretary Haig: As I said, we came here to learn—to learn first-hand the views of the parties with respect to the peace process. I think my discussions with President Sadat clarified for me concerns here in Egypt, with respect to the process, and I think it carried forward in the context of convergence of views between the U.S. position today and President Sadat's position. All of this suggests to me a reason for some optimism that this process will continue, and it will continue in a constructive way; I think as one looks over his shoulder at the past history of the situation, one can only remark that the achievements already accomplished have been remarkable and historic. And that momentum must continue, and we are dedicated to do so both in the context of the autonomy talks to the period ahead, in the context of the peacekeeping arrangements in the Sinai which will permit the complete withdrawal of Israeli forces from the Sinai by the April 1982 deadline. I think our discussions here provided bases for optimism as we look at the challenges of the future.

Q. Following your discussions, will Egypt accept armed American military units in the multinational force?

President Sadat: Let me tell you this. We shall be going to the United Nations—maybe you remember when we went to the Security Council for the redeployment of the U.N. forces according to the peace process—to the peace treaty between us and Israel—the Soviet Union threatened to use the veto. We shall be going to the United Nations. After that, what you have already asked will be raised, and it will depend upon what will come out as a position from the side of the Soviet Union.

Q. There has been a report from Saudi Arabia—a newspaper report—that another Arab country might restore diplomatic relations with Egypt. Could you comment on that?

President Sadat: We didn't discuss this because my position on this is known, and Secretary Haig has already declared his position in the hearings before the Congress and the Senate. For that reason, there was no need to raise it because it is not a matter to be discussed.

Q. We have a report that Soviet President Brezhnev is going to the Warsaw summit in Prague. Do you see this as a development that signifies the worsening of the Polish situation, or has that eased since you left the country?

Secretary Haig: I think the situation remains more tense than it has been, and we've been watching Soviet military steps with growing concern. Clearly, this mini-summit—as you refer to it that way—may be an important occasion with respect to future Soviet action in respect to the Polish situation. I would merely want to reiterate what we have stated and restated—that any Soviet interventionism in Poland or any internal repression would have far-reaching consequences in East-West relations, both in scope and in time.

Q. Do you agree with the proposition that the instability in the area needs to put more pressure on handling the Palestinian question as very important in order to keep stability?

Secretary Haig: We've talked about addressing a strategic consensus in the area of the Middle East and in a global sense as well. Some have interpreted that as a lessening of American interest in the peace process itself in the resolution of a longstanding historic problem. Nothing could be further from the truth.

We continue to maintain the firm objective of continuing the momentum of the peace process as a full partner, as I mentioned, but we see also a fundamental interrelationship between the sense of security and a convergence of strategic thinking here in this area as a fundamental catalyst to making the peace process more successful and to achieving the momentum we seek. So these are not mutually contradictory; they are mutually reinforcing objectives.

Q. [Inaudible] or to put more emphasis on security before—

Secretary Haig: Not at all. We don't put more emphasis on either. We put priority on both, and these are twin objectives, intimately interrelated in which progress in one tends to assist progress in the other. They are not in competition, they are not mutually exclusive, and it isn't a question of priority.

ARRIVAL STATEMENTS, BEN GURION AIRPORT, APR. 5, 1981[4]

Foreign Minister Shamir

It is a pleasure to welcome you on your first visit to Israel as Secretary of State. We are convinced that your important mission will strengthen the forces of peace in our region. The bonds between our two peoples are not only bonds of mutual interests, of a common strategic outlook, and of the rejection of totalitarian ideologies and aggression, they are founded on a deep commitment to shared values of freedom, democracy, and social justice. Our common devotion to these ideals provides the most solid guarantee that our partnership in the quest for peace and security for this region will continue and bear fruit. On behalf of all of us in Israel, we wish President Reagan and the other Americans who were wounded with him a speedy recovery and a long healthy life. We wish you and your colleagues a very pleasant and rewarding stay in Israel.

A. Profoundly, of course, and we seek to see a broadening of the political situation in El Salvador, the evolution to a more pluralistic structure. And you're right, there has been some success with the Duarte reforms in the first phase of the so-called land reform where the large estates have been broken up. But, as has been the case, in our experience there are also many growing pains with this kind of profound change, and production levels are down. And we must always be careful not to try to impose some external theology of fundamental changes in a society which may not be ready for those changes. We saw that in Iran; it brought about the collapse of the Shah. I think it is vitally important that we not become too pedantic in our reform efforts while we continue sensitively to urge them and to provide the means to assist their realization.

Q. In 1962 President Kennedy brought the matter of the Cuban missile crisis before the Organization of American States (OAS) and thus he gained a great deal of support for his blockade of Cuba. Does this Administration intend to bring up the situation in El Salvador before the OAS?

A. Clearly, I've been over to the recent OAS meeting here in Washington and briefed a number of the foreign ministers who participated on the concern that we had for the situation in El Salvador. We're considering now whether or not it might be fruitful to formally introduce this issue into the OAS organization itself. There are some pluses and minuses to that, and we need to make a very careful assessment.

Q. When does this Administration intend to get down to serious talks with the Soviet Union, then? What issues do you think will likely be given priority in such talks?

A. I think President Reagan has made it very clear that he feels that the recent Soviet activity in the Third World and in this hemisphere—if one wants to tick off examples of the kind of activity I'm talking about, of course, the two interventions in Afghanistan, the second being a massive, overt invasion of that country; the activities in Africa, starting with Angola, Ethiopia, then over to southern Yemen, northern Yemen; the activities of Soviet proxies such as Libya, which today is invading Chad; and we find the familiar pattern of first proxy forces and the accompaniment of Soviet advisers with those forces.

These kinds of activities—the activities we see in El Salvador, the activity we see in Kampuchea, formerly Cambodia—are all unacceptable patterns of international behavior if the Soviets anticipate enjoying the benefits of improving East-West relations. I include in that transfer of technology, credits, trade, agricultural support. Perhaps most importantly of all, for a Soviet regime which has been increasingly engaged in imperialist activities abroad, international legitimacy. This is a question of importance to Soviet leaders, and I think it's vitally important that we relinquish that legitimacy only in the context of our assessment of their behavior.

Q. On the subject of the summit meetings, do you see them as useful simply to sign and conclude agreements that have already been reached through diplomatic channels? Or are they useful, as President Brezhnev indicated, to clear away misunderstandings and to pave the way for future agreements?

A. They serve both purposes, and I think the rigid or theological position with respect to summitry can be self-defeating. On the other hand, it's clear that summitry should be used most sparingly. It's clear that summitry must be well prepared in advance. If it is not, it could frequently result in the kind of summitry we've witnessed in the past in recent history where euphoria and expectations precede the event, followed by a rather disappointed and depressed outcome.

I think that summitry demands a most careful preparation. It must be designed to achieve a purpose, and that purpose must be clearly visualized prior to the meeting of our heads of state.

Q. Do you think that the grain embargo is going to be lifted against the Soviets, whether or not they get out of Afghanistan?

A. I don't necessarily put a series of specific conditions for the lifting of the embargo. I think we all know that this Administration, and President Reagan especially would never have launched such a grain embargo in exclusion of other pressures against the Soviet Union in the wake of Afghanistan. He's not for it, and I'm not for it.

On the other hand, we're there now, and a precipitous lifting of that embargo could have grave consequences of Western unity as we prepare such crucial issues as coordinating our contingency measures on the tense situation in Poland. It could be viewed as a business-as-usual approach to a situation which needs further clarification. And I'm talking about ongoing Soviet activity abroad which is illegal, interventionist, imperialist, and poses a great threat to international stability and peace.

Q. But on the subject of the embargo again, do you think the Soviets will buy our wheat if the embargo is lifted?

A. I think, clearly, Soviet trade must—I think we made some statements on that—they need our wheat just as they need other resources in the agricultural sector. They need wheat from other providing nations as well. Their own crop has not been very successful, and, as a matter of fact, their agriculture in general has been in shambles, despite the fact that they have allocated larger and larger segments of their population to agriculture. So this is another one of the systematic failures of the Soviet Marxist-Leninist system.

Q. What kind of outcome would be best from the U.S. point of view of the situation in Poland? That is, would we rather see peace and tranquillity among the workers in the government once again, or is the continuation of the unstable situation an indication of the failure of the Communist system and is that, therefore, better for us do you think?

A. First and foremost, we would seek to have, whatever the outcome, the consequence of the wishes and the will of the people free of coercion or intervention from external powers. Secondly, we welcome greater freedom and the achievements that have already been realized as a result of these pressures. And, thirdly, of course, we would hope that the process would be peaceful.

Q. It's been reported, too, that both the United States and the Soviet Union are continuing to observe the provisions of the SALT II Treaty, even though the treaty has not been ratified. Do you favor that? And, if it is in our best interests to have the Soviets continue observing the provisions of SALT II, would it not, then, be better to have it ratified and, therefore, bind them to the provisions of it?

A. No. I think our suggestions that the Soviets in this interim period could find themselves through restraint and moderation in their strategic efforts, and we have suggested we would be equally guided by such restraint, does not represent an endorsement of SALT II, hardly at all.

As a matter of fact, I seriously doubt that SALT II would weather a test on the Hill; and, indeed, it was withdrawn by the earlier Administration because it would not survive such a test.

Clearly, we are not happy in this Administration with SALT II, and there are several reasons for it. The first is a broader one, a question of linkage, as to whether or not it serves any useful purpose to enter into functional relationships with the Soviet Union while it's engaged in this unacceptable international behavior in the developing world.

And the second is the technical flaws in the treaty itself, and there are many. They involve concern that there are not truly reductions in strategic armaments. It involves imbalances between large-yield, land-based ballistic capabilities between the two sides. It involves concerns about transfer of technology and the implications of the so-called protocol in the agreements.

All of these suggest to me that we need a new treaty negotiated by this Administration; and that in that process, we will also rectify some of the strategic imbalances which have been developing and which will be at their apex, if you will, at their most serious imbalance period in the middle of this decade in 1985 to 1986.

Q. As a general proposition, do you see arms control agreements as a good way to manage our strategic problems with the Soviets?

A. Well, of course. President Reagan and I have always favored a verifiable, balanced arms control agreement. On the other hand, arms control for arms control sake can be very deluding if we believe, for example, that these functional areas can ever be viewed as something overriding and can be entered into without consideration of ongoing Soviet activity globally. That's self-defeating, self-deluding, and could lead to the international tensions which we would hope to eliminate as a result of arms control.

Q. In the Middle East, will the Camp David accords continue to govern our policy there?

A. One frequently tends to complain about a lack of progress in Arab-Israeli disputes, but if one looks back, as I am able to do from my experiences in the National Security Council working with Dr. Kissinger in 1969, it follows that progress through shuttle diplomacy, some of the stops and starts of the recent and past Administrations, and the ultimate achievements of Camp David viewed against U.N. Resolutions 242 and 338, one must marvel at the progress that has been made.

That does not suggest that the remaining obstacles to a comprehensive settlement are any less intractable; they are not. We intend to proceed with the peace process. We intend to do so in the context of some other ongoing efforts, and that is to address the strategic regional issues of great concern to Arabs and Jews and the free world at large, and that's again Soviet interventionism and exploitation through proxies or directly of the development and settlements in that area.

I hope we're not going to be dominated by my preoccupation with Arab-Israeli disputes, with oil diplomacy, while they're going to view the area as a regional whole; I see these as mutually reinforcing efforts—that is, Arab-Israeli peace settlements—and a consensus for regional defenses against Soviet inroads.

Q. President Reagan has made statements advocating a fairly strong feeling of support for the Israelis, both in the West Bank issue, the Palestinian issue, and yet we have gone ahead and made the arms sales to Saudi Arabia, something that the Israelis oppose. How do we balance, if I may phrase it this way, what appears to be our conflicting interests in the Middle East?

A. This is not a simple task, of course, and sometimes we must deal with what I call narrow contradictions in order to achieve a broader consensus of an improved overall climate.

It's been my experience that perhaps the most difficult problem and the greatest obstacle to progress in the peace effort is the creation of insecurities. When one side or the other is racked with insecurities, it becomes more intractable at the negotiating table, whether it be Arabs or Jews.

And I think it's very important that we recognize that there is a new situation in the Middle East: the collapse of the Shah of Iran that had been a stabilizing force and is now a destabilizing force; the Iraq-Iran conflict; the Soviet interventionism in Afghanistan. All of these factors have raised insecurity among the moderate Arab states traditionally friendly to the United States and our objectives. It's very important that our Saudi friends know that we are with them in their security challenge, and we intend to be.

Q. You mentioned the Shah, who, of course, prior to the Khomeini takeover of Iran, was our staunchest ally in the Persian Gulf. Now that the hostages are safely home once again, are we likely to resume some sort of relationship with Iran and try to blunt the Soviet influence there?

A. I think it's far too early to say. This will depend in large measure on the subsequent performance of the government, or whatever government ultimately prevails in Iran. I think the important thing to remember, as President Reagan says, we're not going to be dominated by a spirit of revenge, and our basic objective is a friendly, moderate, pro-Western Iran. It's that long-term strategic objective that we must always keep in mind as we deal with the vicissitudes or inadequacies of the day-to-day performance of the regime there.

Q. Human rights was the major emphasis of the Carter Administration's foreign policy. Statements by some members of this Administration, yourself included, indicate that the emphasis will change under President Reagan. How will the human rights factor be considered in our foreign policy decisions from now on?

A. This has been the subject of a lot of controversy and, I think, misinformation. No one has ever suggested that human rights is not a fundamentally important aspect of all that we do in the conduct of our affairs abroad. It is an essential and universal aspect of that conduct.

On the other hand, we have felt, and I think with justification, that when you break out this objective in a functional way and create special authorities to measure the achievements of human rights outside the mainstream of the conduct of our affairs where this issue is not weighed and integrated with the other functional objectives that we seek to achieve, that distortions can creep in.

In the last Administration we found ourselves in a ludicrous position of bludgeoning friends and traditional allies in admittedly less than acceptable authoritarian regimes to the degree which in several instances we successfully contributed to the collapse of that regime and its replacement by a totalitarian alternative where human rights is no longer by ideological conviction an issue that they are concerned with.

So we have to deal with this issue with greater sensitivity. And I've also stated that in some respects we will find terrorism replaces our concerns about human rights violations in an open society, because terrorism is perhaps the greatest single violator of human rights

Members of the League of Nations and the United Nations

☐ Member of League and United Nations

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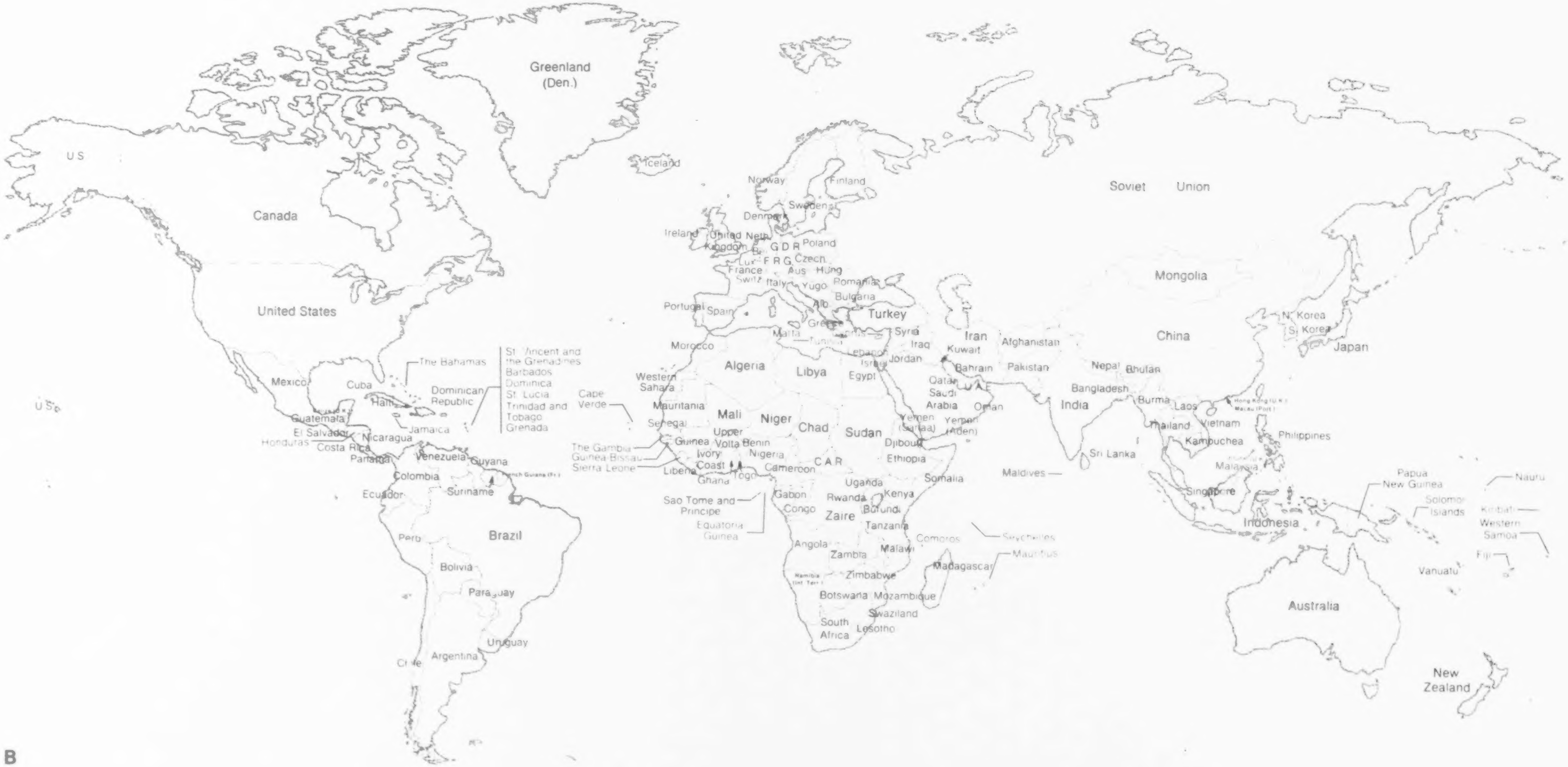
The United Nations is the direct successor to the League of Nations (1920–45). Created by the peace treaties ending World War I, the League, like the United Nations, was designed to promote international peace and progress. But the League, even at its height, only had slightly more than one-third as many members as the United Nations has today.

As a union of sovereign states, the League could not include the many countries that were still under colonial rule. And it never had the adherence of all the major powers. The United States chose not to join. In 1934, when the U.S.S.R. finally became a member, Germany, Japan, and Brazil had already withdrawn. India, although not fully self-governing, was an original member of the League because it had taken part in the peace conference as a separate unit of the British Empire. Iraq, although still dependent on the United Kingdom in foreign affairs, was admitted to the League in 1932.

As World War II drew to a close in 1945, the Charter of the United Nations was signed by 51 allied nations, among them, two constituent republics of the U.S.S.R. the Ukraine and Byelorussia. By 1965 the number had doubled, and by the end of 1980, it had tripled to the current total of 154. Approximately half the members are former colonies which achieved their independence after World War II.

Countries absent from both the League and the United Nations are Andorra, Liechtenstein, San Marino, and the Vatican. Switzerland joined the League but not the United Nations.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Morocco
Western Sahara
Mauritania
Senegal
Guinea
Mali
Upper Volta
Ivory Coast
Liberia
Ghana
Togo
Benin
Niger
Nigeria
Cameroon
Algeria
Tunisia
Libya
Chad
C A R
Sudan
Egypt
Sao Tome and Principe
Equatoria Guinea
Gabon
Congo
Zaire
Angola
Zambia
Namibia
Zimbabwe
Botswana
South Africa
Lesotho
Swaziland
Mozambique
Malawi
Tanzania
Burundi
Rwanda
Uganda
Kenya
Somalia
Ethiopia
Djibouti
Comoros
Madagascar
Seychelles
Mauritius
Turkey
Cyprus
Syria
Lebanon
Israel
Jordan
Iraq
Iran
Kuwait
Bahrain
Qatar
U A E
Saudi Arabia
Oman
Yemen (Sanaa)
Yemen (Aden)
Afghanistan
Pakistan
India
Maldives
Sri Lanka
Nepal
Bhutan
Bangladesh
Burma
Soviet Union
Mongolia
China
N. Korea
S. Korea
Japan
Laos
Thailand
Vietnam
Kampuchea
Hong Kong (U.K.)
Macau (Port.)
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
Solomon Islands
Nauru
Kiribati
Western Samoa
Fiji
Vanuatu
Australia
New Zealand

United Nations Members

Growth of U.N. Membership

	Americas		Europe		Asia/Oceania		Africa	
1945 Original Members	Argentina Bolivia Brazil Canada Chile Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador	Guatemala Haiti Honduras Mexico Nicaragua Panama Paraguay Peru United States Uruguay Venezuela	Belgium Byelorussia Czechoslovakia Denmark France Greece Luxembourg Netherlands	Norway Poland Turkey Ukraine U.S.S.R United Kingdom Yugoslavia	Australia China India Iran Iraq	Lebanon New Zealand Philippines Saudi Arabia Syria	Egypt Ethiopia	Liberia South Africa
1945 to 1965	Jamaica	Trinidad and Tobago	Albania Austria Bulgaria Finland Hungary Iceland Ireland	Italy Malta Portugal Romania Spain Sweden	Afghanistan Burma Cyprus Indonesia Israel Japan Jordan Kampuchea Kuwait Laos	Malaysia Maldives Mongolia Nepal Pakistan Singapore Sri Lanka Thailand Yemen (Sanaa)	Algeria Benin Burundi Cameroon Central African Republic Chad Congo Gabon Gambia Ghana Guinea Ivory Coast Kenya Libya Madagascar Malawi	Mali Mauritania Morocco Niger Nigeria Rwanda Senegal Sierra Leone Somalia Sudan Tanzania Togo Tunisia Uganda Upper Volta Zaire Zambia
1965 to 1980	Bahamas Barbados Dominica Grenada Guyana	St. Lucia St. Vincent and the Grenadines Suriname	German Democratic Republic	Germany, Federal Republic of	Bahrain Bangladesh Bhutan Fiji Oman Papua New Guinea	Qatar Solomon Islands United Arab Emirates Vietnam Western Samoa Yemen (Aden)	Angola Botswana Cape Verde Comoros Djibouti Equatorial Guinea Guinea Bissau Lesotho	Mauritius Mozambique Sao Tome and Principe Seychelles Swaziland Zimbabwe

League of Arab States

The League of Arab States, or Arab League, was founded in 1945 to promote wide cooperation among countries of Arab language or culture. Membership now consists of 21 sovereign states and the Palestine Liberation Organization.

Members: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine Liberation Organization, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen (Aden), Yemen (Sanaa)

Arab countries also have established several common economic institutions:

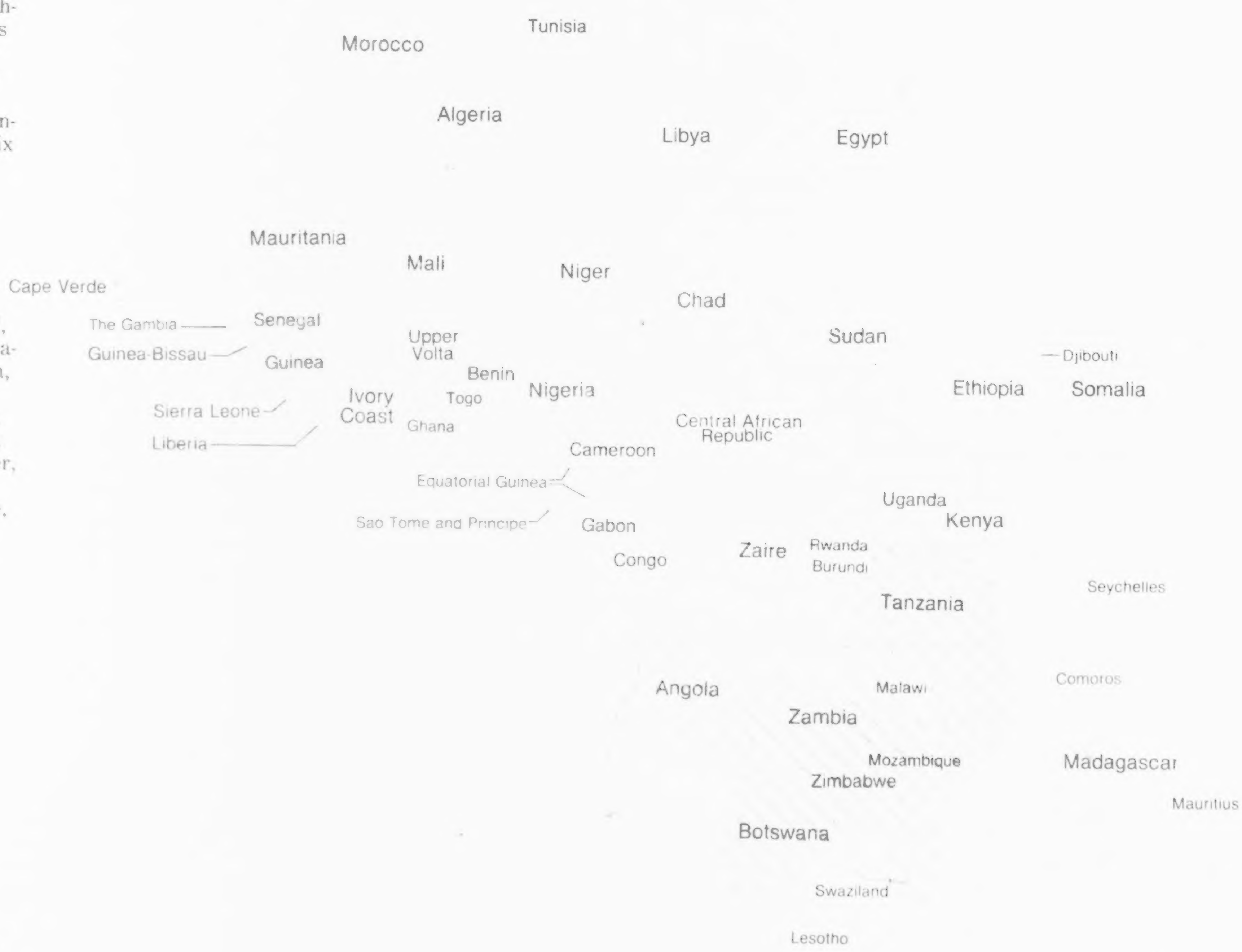
- The Council of Arab Economic Unity (1964) to promote an Arab common market and joint commercial ventures;
- Arab Monetary Fund (1976) to promote the plans for economic unity;
- Arab Fund for Economic and Social Development (1968) to promote development in Arab countries; and
- Arab Bank for Economic Development in Africa (1973) to promote Arab investment in African development projects.

Lebanon
Syria
Iraq
Tunisia
Morocco
Jordan
Kuwait
Bahrain
Qatar
Algeria
Libya
Egypt
Saudi Arabia
United Arab Emirates
Mauritania
Oman
Yemen (Aden)
Yemen (Sanaa)
Sudan
Djibouti
Somalia

Organization of African Unity

The Organization of African Unity (OAU) was founded in 1963 to promote self-government, respect for territorial boundaries, and social progress throughout the African Continent. It comprises all independent countries in Africa except the white-ruled Republic of South Africa. Support for black nationalist movements in southern parts of the continent is entrusted to a committee of six front-line states (Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe). Nine OAU members also belong to the League of Arab States.

Members: Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zaire, Zambia, Zimbabwe


Morocco
Tunisia
Algeria
Libya
Egypt
Mauritania
Cape Verde
Mali
Niger
Chad
The Gambia
Senegal
Guinea-Bissau
Guinea
Upper Volta
Sudan
Djibouti
Benin
Sierra Leone
Ivory Coast
Togo
Nigeria
Ethiopia
Somalia
Liberia
Ghana
Central African Republic
Cameroon
Equatorial Guinea
Uganda
Sao Tome and Principe
Gabon
Kenya
Congo
Zaire
Rwanda
Burundi
Tanzania
Seychelles
Angola
Malawi
Comoros
Zambia
Mozambique
Madagascar
Zimbabwe
Mauritius
Botswana
Swaziland
Lesotho

☐ Arab League members

☐ Front-line countries

☐ OAU members

bilities provide the foundation for an American diplomacy that includes the following aims: restraining the Soviet Union; reinvigorating our alliances; strengthening our friends; and a more effective approach to the developing countries.

Restraining the Soviet Union

A major focus of American policy must be the Soviet Union, not because of ideological preoccupation but simply because Moscow is the greatest source of international insecurity today. Let us be plain about it: Soviet promotion of violence as the instrument of change constitutes the greatest danger to world peace.

The differences between the United States and the Soviet Union concern the very principles of international action. We believe in peaceful change, not the status quo. The peoples of the world seek peace, prosperity, and social justice. This is as desirable as it is inevitable. The United States could no more stand against such a quest than we could repudiate our own revolution. We were the first to proclaim that individual liberty, democracy, and the rule of law provided the best framework for the improvement of the human condition. And we have led the attempt since the Second World War to maintain two principles of international action: the peaceful resolution of disputes and the proscription of outside intervention in the affairs of sovereign nations.

In contrast, Soviet policy seeks to exploit aspirations for change in order to create conflict justifying the use of force and even invasion. Moscow continues to support terrorism and war by proxy.

There is an additional dimension to the danger. In regions sensitive to Western interests, in the littorals of critical sea passages, in areas that hardly affect Soviet security, you will find Moscow taking a keen interest in conflict. Thus, Western strategic interests, as well as the hopes for a more just international order, are at stake.

Our objective must be to restore the prospects for peaceful resolution of conflict. We can do this by demonstrating to the Soviet Union that aggressive and violent behavior will threaten Moscow's own interests. We can do this by demonstrating, as we are doing in El Salvador today, that a government bent on making necessary reforms will not be overthrown by armed intervention supported by Moscow or its surrogates. We can do this by never accepting the Soviet occupation of other countries, such as Afghanistan.

Only the United States has the pivotal strength to convince the Soviets—and their proxies—that violence will not advance their cause. Only the United States has the power to persuade the Soviet leaders that improved relations with us serve Soviet as well as American interests. We have a right, indeed a duty, to insist that the Soviets support a peaceful international order, that they abide by treaties, and that they respect reciprocity. A more constructive Soviet behavior in these areas will surely provide the basis for a more productive East-West dialogue.

. . . Soviet promotion of violence as the instrument of change constitutes the greatest danger to world peace.

Reinvigorating Alliances

Another essential element in the restoration of our leadership is the strengthening of our alliances. From the outset of this Administration, we have placed a high priority on repairing the damage done to these alliances in recent years. Rebuilding alliance solidarity is a precondition for redressing the East-West military imbalance and for constraining Soviet international behavior.

Perhaps the most useful concept to govern these critical relationships is "consultation." Consultation should mean more than the formal act of soliciting opinions. It suggests what alliances really mean: shared interests, reliable performance, and sensitivity to each other's concerns.

We have acted to restore consultation as a useful instrument of alliance communication and solidarity. President Reagan's numerous meetings with heads of state and foreign ministers, as well as my own, have been marked by refreshing exchanges of views. A warm welcome awaits a United States willing to listen before it acts.

We are moving already beyond exchanges of views toward common strategic perceptions and concrete acts. We and our allies are taking common steps to restrain Soviet aggression and to restore our strength.

- On Poland, we have collectively sent a firm signal to the Soviet Union. The Soviets are now well aware that intervention would bring severe and lasting consequences. Indeed, the restraint we have seen offers some evidence of the benefits of alliance cohesion and resolve. Simultaneously, the West is working together to help the Polish people economically, so they can deal with their own problems.
- On theater nuclear forces, we and our allies have reaffirmed our commitment to modernization of NATO's theater nuclear capabilities based on NATO's so-called two-track decision of 1979. We will also make a serious effort to pursue European theater nuclear arms control with the Soviets.
- In critical regions such as the Middle East and Southwest Asia, we have launched a new, intensive effort aimed at achieving common approaches to protect our vital interests and to help assure peace. At a meeting of allies interested in southern Africa earlier this week in London, we began to reach consensus on a realistic and fair approach to the important problem of Namibia.
- On economic challenges, we are all experiencing slower growth and high inflation. Here again we understand that international cooperation is essential to solve each of our national problems. For example we have reaffirmed our belief in free trade as we consult with Japan to alleviate the plight of the auto industry in the United States.

Looking toward the NATO ministerial meeting early next month and the Ottawa economic summit in July, the most advanced nations in the world are coming together to meet the challenge from Soviet expansionism, regional instability, and economic interdependence.

Strengthening U.S. Friends

The reinvigoration of our alliances must be accompanied by the strengthening of our friends as well. This is particularly important in the Middle East and Southwest Asia, a region where violent action by the Soviet Union and its surrogates demands a more effective Western response.

The President's purpose in sending me recently to the area was to seek the wisdom of our friends on the issues of peace and security. But he also sent a message. The United States is fully cognizant of regional complexities and the necessity to proceed with the peace process. At the same time, we are determined to strengthen our friends and to work with them against the threat posed by the Soviet Union and its surrogates. These great projects must go forward together if we are to shake off our reputation for strategic passivity in the area and safeguard Western interests.

Fresh Approach to Developing Countries

Restraint of the Soviets, the reinvigoration of our alliances, and the strengthening of our friends are crucial aspects of the Reagan foreign policy. But the underlying tensions of international affairs go beyond the themes of allies and adversaries. A fresh American approach to the developing countries is essential if we are to treat the roots of international disorder.

The developing countries, sometimes grouped together as the Third World, are a vastly varied multitude of states, most of them beset by severe economic and political problems. What once united them – the memory of colonialism – is fading. The new emphasis is on the future, not the past.

The West in general and the United States in particular hold the key to that future. It is we who demonstrate by our own history how to combine freedom and development, political stability and economic progress. Two guidelines should govern our actions.

- We must show that friends of the United States benefit from our friendship, even in the face of Soviet-supported intervention.
- We must offer hope that the United States and its allies are not some form of closed club, hostile to the problems and frustrations attending development.

Our record on the issues of increasing concern to the future of the developing countries offers a sharp contrast to that of the East. We support economic development; the East does not. We assist the refugees; the East refuses relief. We offer the peaceful mediation of dispute; the East offers only arms of conflict. The developing countries are beginning to recognize where their best hopes lie, and it is in both the interests of humanity and our own national security that we promote such a trend.

In reviewing the causes of the Second World War and prospects for peace in the future, Winston Churchill concluded: "How absolute is the need of a broad path of international action pursued by many states in common across the years, irrespective of the ebb and flow of national politics."

As we enter the final decades of the 20th century, it is the task of the United States to lead the pursuit of this broad path, beckoning toward a more peaceful and prosperous international order. Knowledge of the obstacles before us will protect us against false optimism. Knowledge of ourselves will protect us against despair. Our difficulties will not disappear overnight. Yet we should not dwell too much on the troubles of the moment. The free nations of the Atlantic and the Pacific represent the greatest concentration of talent and wealth in the world. We are a community of peoples devoted to human rights, democracy, and the rule of law.

Our prospects are bright. Only constancy of purpose is required to preserve successfully the liberty that is the treasure of our civilization.

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[1] Press release 122. ■

Question-and-Answer Session Following Address Before ASNE

At the conclusion of the Secretary's address before the American Society of Newspaper Editors (ASNE) on April 24, 1981, (see previous article), he answered the following questions from the audience.[1]

Q. Since one month ago today, when you expressed in a congressional hearing dissatisfaction with the emerging crisis management arrangement, and especially since the Situation Room incident a week later, we have heard little about your role as vicar or general manager.

The role that you announced at the outset had been given to you by President Reagan. Could you speak a little bit about how you see your role now? Have you renegotiated it or redefined it in subsequent meetings with the President, and are you satisfied with it and with crisis management as it is working now with the formulation of American foreign policy?

A. First, let me assure you that I am very comfortable with my relationships with the President and with the White House. I have spoken almost daily to the President, either personally or telephonically, since the events you described. I am absolutely convinced that I am doing precisely what he brought me on board to do, and he has reaffirmed this to me, and I am very, very comfortable with it.

I would add again that the kinds of report cards that sometimes fascinate the contemporary observers are really going to receive their important value judgment in the context of performance. In that context, while I am not overly self-confident, I do feel we have made some constructive initiatives that time will tell whether or not they reap the harvest I anticipate.

Q. There have been reports that the Administration may lift the grain embargo against the Soviet Union. You, yourself, have said that such an action could send a deleterious signal to the Soviets.

Have you at this point received any assurances from the Russians that they will practice restraint around Poland? Or is this decision, as Senator Mathias has suggested, a reward to the Russians for the absence of bad behavior?

A. First, let me suggest to you that had it been a little bit before 11:00 this morning, I would have said there had been no decision made on this subject. I can no longer say that since I've just participated in a Cabinet meeting where a decision was made. And there will be an announcement with respect to this issue at 4:00 today from the White House, and I understand there has already been an uncharacteristic degree of leakage with that. [Laughter]

I will not attempt to characterize the motivations behind what the President's decision will be when it is announced, other than to suggest to you that this decision was based on a longstanding commitment of the President before his election. It was structured on a number of factors, including some that you touched upon in your question.

With respect to my own view on this, it has been clear from the outset, it has always been my policy when a decision is made, to fully support that decision by the President, and I do in this instance. And so when it is announced, you'll know what I am supporting.

Q. Can I read into that that you have not received any assurances from the Soviets that they will practice restraint around Poland?

Secretary Haig

It is a wonderful opportunity to see you again so shortly after our constructive discussions in Washington just a short time ago. President Reagan has asked me to express his personal greetings to the people of Israel and to tell you how much he admires your many achievements and your dedication to freedom and to democracy.

It gives me great pleasure to report that the President is well on the way to full recovery. And if his physical recovery is as rapid as the recovery of his sense of humor, I am confident that we'll be all the better served.

For me a visit to Israel is always a privilege. I have long admired your courage, your independence, and, indeed, your idealism. On this occasion, my wife will discover for the first time the ancient and modern wonders that make Israel so unique.

The purpose of my trip here and elsewhere in the region is to discuss with our friends how we can meet the threat posed by the Soviet Union and its surrogates in the entire area, but we are equally interested in an exchange of views on how to advance the peace process. I can tell you already that I found President Sadat and other Egyptian leaders dedicated to strengthening peace between Egypt and Israel—a dedication shared by the Government and the people of Israel, I am confident. The Camp David accords, testimony to the courage and wisdom of Prime Minister Begin, provide a solid basis for the goal we share together—peace and security for Israel and for its neighbors. As our dialogue begins with Prime Minister Begin, with you, with the other leaders of Israel, I want to affirm that our commitment to Israel's security and to its well-being is central to American policy in the Middle East. President Reagan and I recognize that Israel has an important role to play in our common effort to safeguard our strategic interests in this region. We are looking forward to hearing your views, confident that these discussions will add yet another chapter to that long—over 30-year—history of Israeli-American friendship—a friendship which is reinforced by the strategic importance of this nation to the vital interests of America, to peace and stability in this area, and to global peace and stability as well.

STATEMENTS, JERUSALEM, APR. 6, 1981[5]

Prime Minister Begin

I wish to express our deep gratitude to the Secretary of State and his colleagues for the visit. Today, too, we had a very fruitful discussion about national and international problems and bilateral issues between the United States and Israel, which the Secretary of State, yesterday, in his beautiful speech, called and rightly so, allies. So today, after finalizing our discussions, I can say that on very serious points, we reached understanding, and these discussions I believe wholeheartedly will bear fruit in the future, and there will be closer cooperation between the United States and Israel which indeed, as the Secretary of State said, are allies. We share common ideals, we have a community of interests, we shall stand by each other for great causes of mankind.

Secretary Haig

I just want to underline your own comments that this all too brief 24-hour stay here in Jerusalem, in Israel, has been highly productive. It's enabled us to learn, and that's the purpose of this visit, and to learn in the vitally important areas of the peace process, of such importance to Israel and its neighbors to extend further our mutual understanding and convergence of outlook in the area of broad strategic threats to the Middle East region, to include traditional military threats from unfriendly superpowers, to include assessments of proxy activity, and to include some very important discussions on the overall issue of international terrorism. Beyond that, we had a very fruitful dialogue on a number of bilateral issues—economic, security-related issues—between the United States and Israel.

Q. Did the subject of the supply of AWACS [airborne warning and control system] planes to Saudi Arabia come up in your discussions, and did you come to any agreement?

Prime Minister Begin: Yes, the question came up. We expressed our opinion. Yes, of course, we deem it to be a very serious threat to Israel, and we said so with candor to the Secretary of State.

Q. Could you please tell us or give us some examples of what you referred to when you talked about closer cooperation between the United States and Israel?

Prime Minister Begin: I think both terms are very clear. I think cooperation is a clear English word, and closer means closer than in the past.

Q. Some examples?

Prime Minister Begin: I suppose life itself will prove the examples, and both of us will be patient, because we know each other so well from the United States.

Q. Is the AWACS deal firm, and what will the United States do to compensate Israel?

Secretary Haig: I think we've had the benefit of the Government of Israel's view, the Prime Minister's own view on this subject. We will return to Washington armed with that information. I would prefer not to engage in any public discussions on this matter at this time until we complete our trip. We have already seen enough press speculation on the subject to include the reports of decisions made in Washington a week ago.

Q. You've spoken here about American commitment to Israel's security and well-being. You talked also about the hopes for some sort of strategic alliance between the states in the region against Soviet penetration. Number one, how can you square the circle of concern for Israel's security with Israel's worries about supplies of American military equipment, specifically AWACS to the Saudis—how did you manage to explain this contradiction?

Secretary Haig: I think it's important to remember, as we talk of our broad strategic objectives in this area, that development of a consensus with respect to the growing threat of Soviet imperialism, and as we view the equally important priority of proceeding with the Middle East peace process, that we understand clearly what we are talking about.

These are not mutually competing or mutually exclusive objectives. It does not mean that we have established a set of priorities between the one and the other. It means that they are mutually reinforcing and that in progress with one you can contribute to the progress with the other. In that respect, I think all of the nations of this region—of the Middle East, Arabs as well as Israelis—are under a growing threat of increased risk-taking by the Soviet leadership, either directly as we've seen in Afghanistan, or indirectly as we see through the increased employment of proxies, Cubans, elements of the PLO [Palestine Liberation Organization], Libya—all of these activities represent fundamental threats to all of the peace-loving, freedom-oriented nations of the region. And I think that is a reality which, of course, its acceptance and its understanding and coordination with respect to it is intimately related also to the peace process itself. No one is naive about it, but they are mutually reinforcing.

Q. Did you bring up the settlements in the West Bank?

Secretary Haig: I want to emphasize that the policy of the Reagan Administration is not to indulge in public criticism of longstanding friends and allies. And that where we have differences, those differences will be taken up directly in the intimacy of diplomatic interchange.

Q. You spoke about the peace process. Are there any new ideas to renew the autonomy talks, and if yes, when?

Secretary Haig: I think we've been in the process of a fact-finding trip. I have not completed that fact-finding, and upon completion of this trip, we will assess the prospects. I want to emphasize that we feel very strongly that this process must move promptly, and my trip and my visit here today and my visit to Egypt yesterday and the day before, were all associated with our efforts to keep the momentum going on the peace process.

Q. You've had both visits here and in Egypt. One of the items on the agenda, of course, was this multinational force for policing of the Sinai. After these discussions, do you see any basic problem in moving forward to that force? Is there an explicit acceptance of the same kind of force, including Americans, in both these capitals?

Prime Minister Begin: In the Peace Treaty between Egypt and Israel, a U.N. force is being mentioned, as part of the security arrangements in the Sinai. But the formation of such a U.N. force depends on the decision of the Security Council. And this is the reason why all those who negotiated the Peace Treaty between Egypt and Israel—namely Egypt, Israel, and the United States—took into consideration the possibility that such a U.N. force formation will become impossible because of the Soviet Union in the Security Council casting a veto vote. And, therefore, there is a letter on behalf of the United States of President Carter, addressed jointly to President Sadat and to myself, promising a multinational force. On this, the discussions will go on. We hope that such a multinational force will, in time, be formed. This is now the subject of discussions among the three parties—the United States, Egypt, and Israel.

Secretary Haig: I think the Prime Minister has answered the question. Our discussions are continuing, and this visit has provided additional information to the United States, which will enable us, hopefully, to bring it to a successful conclusion. And I am reasonably optimistic that that will be the outcome.

Q. How do you evaluate the supply of rockets by German firms to countries like Libya?

Secretary Haig: I suppose you've caught me unaware. I wasn't aware that there were such rockets, unless you're talking about some of the earlier speculation on contracts. I don't consider myself an expert on the subject, so I'll avoid answering it.

Prime Minister Begin: I would like to add that any supply to a country like Libya—one of the most irresponsible in our region—especially by Germany, of deadly weapons, is from any human point of view, most repulsive. Because the German people must never forget what was done under the National-Socialist regime to our people. And if they should provide enemies with deadly weapons which may be turned against Israel, it would be a crime against humanity.

Q. Does Israel want American participation in the Sinai peacekeeping force? And what is the Israeli Government reaction to the Reagan Administration sounding the alarm bells about a Soviet threat to the Middle East?

Prime Minister Begin: To the first question, the answer is positive. To the second question, it is that I believe it is not an artificial alarm sounded by the Government of the United States—by the President and his advisers. There is such a threat, in all the years, we could have seen that many countries, during the last few years—I suppose between six and seven, I cannot on the spot make the real count—were taken over either by proxy by the Soviet Union or as in Afghanistan, directly through Soviet invasion. So it is not an artificial alarm. It is one of the most serious issues concerning our era, our time, and the free world is shrinking and is in permanent danger. Parts of it already were taken over by totalitarianism, others are in peril. And, therefore, all free men should stand together to defend liberty.

Q. On the issues that have been of central concern—the resumption of the autonomy talks, the supply of the American advanced weaponry to Saudi Arabia, the question of expanding autonomy talks, the matters of south Lebanon and of Lebanon itself—how many of these issues have you reached any specific agreement on?

Secretary Haig: I think that with respect to the overall approach to the peace process, we are in general agreement. There may be some differences with respect to timing, which hopefully will be clarified in the period ahead. With respect to the situation in Lebanon, I think there are few differences that I'm aware of. We view the brutality of the Syrian action against the Christian enclave as a very, very serious turn of events, which is unacceptable by any measure of appropriate international standards of conduct, and we would hope that there would be an immediate return to a wholly valid cease-fire, not only in that critical enclave area, but in Beirut, where additional shellings have occurred, and that this will be done promptly. The consequences of a failure to a return to a cease-fire, of course, are most, most serious.

Q. Has the United States of America acted, or can the United States act, in such a way as to call a halt to the bloodshed?

Secretary Haig: We've taken a number of measures, and some unprecedented measures, in the last 48 hours dealing bilaterally with nations that can apply influence to the situation, through the United Nations, through the Secretary General, Kurt Waldheim, whose emissary will be in Beirut tomorrow.

that has ever been seen today. And I would suggest that it needs far more attention than it's been getting.

Q. Beginning with the time that you were in the White House with President Nixon and Secretary Kissinger, we have seen a drastic change in the status of China from that of an enemy to almost an applicant for a quasi-ally status. To what extent in the developing relations with China should we take into account the effect of our relations upon Moscow, do you think?

A. I have stated that one of the great challenges of this period facing Americans in foreign policy will be, on the one hand, to avoid poking sticks in the polar bear's cage while continuing with the realization of the strategic imperative to maintain improving relationships with the People's Republic of China nurtured by a very carefully orchestrated set of conflicting objectives that we are going to have to manage.

I'm confident that it is very do-able and, in some respects, that issue will be solved by the respective behavior and conduct of the two regimes involved.

Q. You have spent your whole life, your whole adult life, working on foreign policy, both in war and in peace. And yet many Americans remain disillusioned about what they have seen as the costly effects of helping our neighbors and our allies and containing our enemies. What advice would you have for Americans who are concerned about what they should do about foreign policy?

A. First, I think they've got to avoid being captured by contemporary sloganeering, whether it suggests excess hyper-American activity abroad or whether it suggests, as has been the case in the recent past, that we withdraw from there. The simple facts are that we Americans have an obligation to make sure that those values that you and I cherish are broadened and strengthened in the international community.

And if we overlook illegal interventionisms, whether it be in Africa or Afghanistan or in our own front yard in this hemisphere, we're leaving a legacy of increased risk-taking which could confront us as it did in the Second World War with the ultimate challenge to our vital interests. We must take these on, we must participate in the world community, which shares our values.

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[1] Press release 89 of Apr. 5, 1981. ■

Interview for NBC Television

Secretary Haig was interviewed for NBC television by Marvin Kalb on April 14, 1981.[1]

Q. What were your hopes when you took over this job? What did you want to accomplish?

A. I think, like many Americans, I spent a considerable period of time before the inauguration worrying about the drift of American foreign policy, the lack of consistency and reliability in our dealings with friends and potential foes, and a lack of balance, if you will, in the conduct of our foreign policy, sometimes giving greater emphasis to theology and letting the more realistic aspects of the challenges facing us abroad fall into second place and second consideration.

Q. You're talking about the Carter Administration?

A. I'm mainly talking about post-Vietnam America, post-Watergate America, and I think the American people choose what they want for leadership and, if they're not happy with it, then they change it. I think they chose Mr. Carter for perceived style and found it wanting with the experience of it.

Q. And they chose Mr. Reagan for what purpose?

A. I think Americans everywhere have a thirst to reinvigorate America's world mission, its world role and responsibilities, to recognize that the United States has been in a very defensive mode for a considerable period, since Vietnam, and that the losses to the vital interests of America have been grievous.

One looks at the Third World—in Africa, recently in his own hemisphere, Southeast Asia, the Middle East; one can only be gravely concerned about the implications of either America's unwillingness or inability to deal with the increasing risk-taking on the part of the Soviet Union and its proxies. I think this is the heart of the matter that disturbed America.

Q. When you say "risk-taking on the part of the Soviet Union and its proxies," give me some examples of what you have in mind.

A. I think if one would go back to the pattern that was launched in Angola, where at that time the executive branch—President Ford—was anxious with a modest investment to challenge the use of Cuban forces to install a proxy government there.

At that time the legislature in a post-Vietnam, post-Watergate demeanor did not sustain the executive leadership the President tried to put forth. Subsequently we saw in Ethiopia, we saw in southern Yemen, in northern Yemen, we saw an institution of a puppet regime in Afghanistan almost 2 years ago and only to learn that within a year it did not meet the criteria of total subjugation to the Soviet Union, and a direct, blatant intervention occurred.

We saw the overrunning of Cambodia, or Kampuchea, by proxy forces of the Soviet Union from Hanoi. And here recently, in the last months of the Carter Administration and the early weeks of this Administration, we saw the activity in El Salvador which could have reestablished the gang in this hemisphere, an additional Cuban beachhead having already realized considerable success in the Nicaraguan model. All of these things I think disturb Americans. They certainly disturb me as an individual, and I know they disturb the President.

Q. What do you both want to accomplish, though? Do you want to stop the Russians? How do you do that?

A. I don't assume that the Soviet leadership is seeking a conflict, but I do assume—and I think past history has confirmed—that where there are vacuums, where there is vacillation on the part of the United States and its allies in standing up for their vital interests, that these vacuums are going to be filled in ways that do not meet our vital interests and which, indeed, put our interests in jeopardy.

What we are seeking to do is, first, to recognize this fact and to espouse and develop policies which are prepared to challenge these illegal interventionisms—not necessarily with force but with a great panorama of demographic assets available to the United States and to our allies.

In political and economic terms the West enjoys vastly superior assets to those of the Soviet Union in political and economic and moral terms. I think it's awfully important that we do a better job of bringing them together under a common concept which meets the vital interests of not only the United States but those who share our values throughout the world.

Q. How do you think you're doing so far?

A. I think it's much too early to make a judgment call on that. You know, foreign policy isn't a business of huckstering or packaging or rhetoric; it's a consequence of day in and day out performance which contributes to an overall assessment and a sense of credibility and confidence in those with whom you deal.

I noted some expected that if I would travel abroad, I had an agenda of rhetoric that you get pluses and minuses on. This is an irrelevant aspect of the conduct of foreign policy. Foreign policy is going to be built and developed in an evolutionary way by day-to-day professional dealing and management with our whole panorama of assets to be sure that our vital interests are protected and expanded.

Q. Concretely in El Salvador, for example, do you feel that you've done well? One doesn't hear as much these days about El Salvador as we did a couple of months ago.

A. I think it's a little early to say whether we've done well. But history never tells you what would have happened had you proceeded on a different course than what you did.

I would suggest, had we not moved the way we did on El Salvador in the early days of this Administration to bring pressure on Nicaragua, that was involved in a massive shipment of arms into El Salvador to provide economic and military assistance to a hard-pressed regime in El Salvador—with a ratio, incidentally, of three to one in favor of economic decisions—that we might be witnessing today a creation of another Nicaragua in El Salvador.

As it is, we find a situation where the rebels are now on the defensive, where the armament shipments from Nicaragua have been dramatically reduced—not terminated, but reduced—and we're looking at a whole different range of problems. And that is the ability, once again, to manage away excesses of the right or the left in an evolution toward what we hope to be a more pluralistic structure in El Salvador.

Q. I don't want to put you in a position of claiming that you are personally, or the Administration is, responsible for a success there, but doesn't it add up to that? Don't you feel that as a result of the action that you have taken, that you have accomplished what you just described?

A. No. I think that's a little too sharply drawn and gives very little credit to the courageous people of El Salvador who are, themselves, both the victims and the cutting edge of whatever successes were achieved.

But I think successful foreign policy anticipates problems, and it takes actions which prevent less than happy outcomes. I think the pressures that we have applied in Central America have achieved something. I think we've seen a change in the demeanor of many of the other threatened countries of the region—Panama, Mexico to some degree.

Q. Do you mean a stiffening of their spines?

A. A recognition that the hemisphere is once again threatened by excessive interventionism from Cuba and a more robust posture against that interventionism. We see the same in Colombia, we see it in the larger countries to the south in Latin America, and I think all of this augurs well for the future if we can continue to maintain our policies and to support those policies that are necessary here at home, especially in the Congress.

Q. What are some of the problems that you've come upon in the last several months in terms of your ability to implement policy?

A. I think we have a rather happy situation, so I'm not going to put out the crying towel. We have a unique convergence in America today of a popular move which is willing to bear the sacrifices of correcting our defense deficiencies and tightening its belt to be sure our domestic economy is put back on a sound track.

We have a Senate which is also responsive to that same outlook, and we have a House which is equally supportive in general. And, of course, we have an executive branch which not only has been in the forefront of espousing such policies but is thus far realizing a usual degree of effectiveness in getting the support for it.

That could be short lived, and the stakes which would be made could derail that. But I think it's a very happy set of circumstances the way the American people, the legislature, and the executive branch are all of one mood. There are many dissenters, of course. You read about them every day.

Q. Let's talk about perception for just a moment. There is a perception—and it will be no surprise to you—in this town that you, yourself, have undergone some kind of major change in the last month—3 or 4 weeks at any rate—from being a man seen as on top of everything, firmly in control, to being what one official here once described as a wounded lion. Do you feel yourself a wounded lion?

A. I suppose if you look back over history, successful Secretaries of State have seldom been winners on the popularity hit parade. And I didn't come here to run a popularity contest, nor do I think my effectiveness is going to be judged on such things.

I'm here to do the work for the President of the United States and the American people to reinvigorate and to turn around what had been failing foreign policy. And the report card on that is going to be a measure of my effectiveness in doing so. So I neither feel as a different fellow, a wounded eagle, or a lion. I'm a fellow who has a lot of work to do, who intends to get on to the substance of that work as I have been doing. And I'll let the popularity polls take care of themselves.

Q. Do you feel in any sense subdued?

A. Not at all. I don't suggest for a moment that one in public life that finds himself at the vortex of public controversy enjoys it. I don't enjoy it any more than you would or any other American citizen, but I've seen enough government to know that it is essentially an irrelevant aspect of the work that has to be done and the final measure of whether or not I succeed in that work.

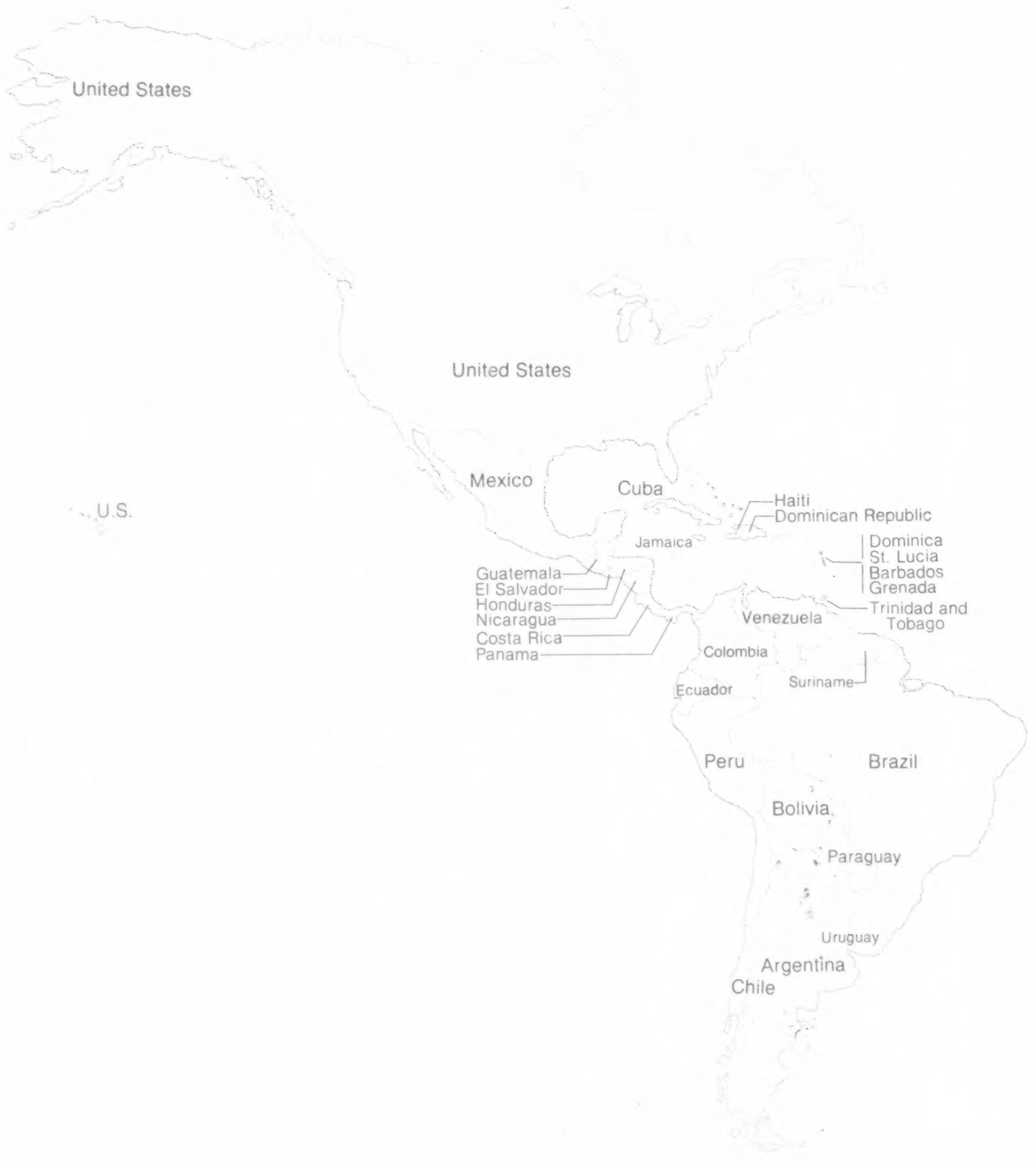
Q. People who know you very well say that your natural predisposition is to be very tough, very aggressive, and very energetic in pursuit of your aims. Is it possible that that may run in conflict with the team-player approach that we hear is desired out of the White House?

A. No, not at all. My discussions with the President—and they have been regular and intimate, as recent as this morning—suggest to me that he's com-

Organization of American States

The Organization of American States (OAS) is the world's oldest regional association. Since the first international congress of American states held in Washington in 1889, the Western Hemisphere republics have maintained a system of cooperation in cultural, social, economic, and political fields. The treaty creating the OAS in 1948 intensified this cooperation and reaffirmed the mutual defense commitment undertaken in the Inter-American Treaty of Reciprocal Assistance (Rio treaty) signed in 1947.

Members: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba (no longer takes part in OAS affairs), Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Lucia, Suriname, Trinidad and Tobago, Uruguay, United States, and Venezuela


United States
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Honduras
Nicaragua
Costa Rica
Panama
Trinidad and Tobago
Venezuela
Colombia
Suriname
Ecuador
Peru
Brazil
Bolivia
Paraguay
Uruguay
Argentina
Chile

Latin American Economic Associations

The countries of Middle and South America and the Caribbean have a common identity apart from the inter-American system; in world affairs they are known as the Latin American bloc. Prominent are the common economic arangements. In 1975, Latin American and Caribbean nations formed a loose caucus known as the Latin American economic system (SELA) to promote regional economic interests and present unified positions in international economic forums. They also have organized several efforts for regional and subregional economic integration.

The *Central American Common Market* (CACM) was founded in 1960 to establish a free-trade zone.

Members: Costa Rica, El Salvador, Guatemala, Nicaragua

The *Latin American Integration Association* (ALADI) was founded in 1980 to replace the Latin American Free Trade Association (LAFTA) established in 1961 by countries not in CACM. ALADI will continue to promote economic integration and development but with less emphasis on tariff concessions and free trade.

Members: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela

The *Andean Group* was formed in 1969 by medium-sized LAFTA countries who hoped to integrate their economies more rapidly than was possible for LAFTA as a whole. Chile withdrew in 1976 because of differences over foreign investment policy.

Members: Bolivia, Colombia, Ecuador, Peru, Venezuela

The *Carribbean Community and Common Market* (CARICOM) was established in 1973 by 12 English-speaking Caribbean countries to promote broad cooperation in many fields.

Members: Antigua, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher-Nevis-Anguilla, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago

☐ ALADI

☐ Andean Group

☐ CACM

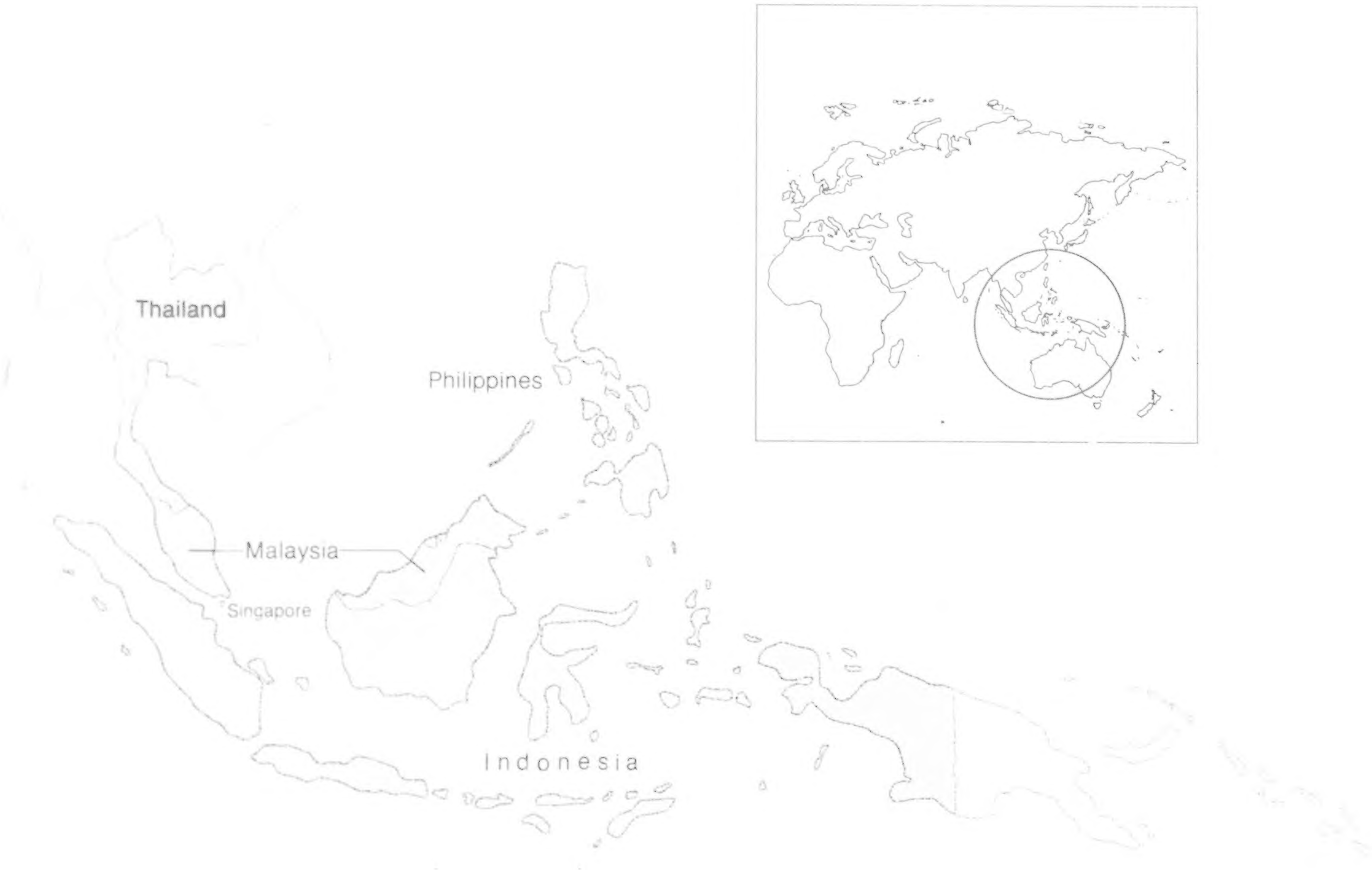
☐ CARICOM

Mexico
Jamaica
Belize (U.K.)
St. Vincent and the Grenadines
St. Christopher-Nevis-Anguilla
Antigua
Montserrat
Dominica
St. Lucia
Barbados
Grenada
Trinidad and Tobago
Guatemala
El Salvador
Nicaragua
Costa Rica
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Argentina
Uruguay
Chile

Association of South East Asian Nations

Founded in 1967, the Association of South East Asian Nations (ASEAN) provides a framework for economic and political cooperation among Southeast Asia's non-Communist states.

Members: Indonesia, Malaysia, Philippines, Singapore, Thailand


Thailand
Philippines
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Singapore
Indonesia

The Commonwealth

The Commonwealth is a voluntary association, created over many years, of independent countries that were once part of the British Empire. Before World War II, the British Commonwealth of Nations, as it was then known, comprised the United Kingdom and the self-governing dominions overseas, countries populated chiefly by Europeans. Most of the present members are newly independent developing countries who give the association a rich variety of races, languages, and religions. The Commonwealth promotes economic and cultural cooperation among its members and exerts a worldwide influence in favor of self-government, racial equality, and measures promoting Third World development.

The 44-member Commonwealth also includes dependencies (mostly small islands) and associated states.

Members: Australia, Bahamas, Bangladesh, Barbados, Botswana, Canada, Cyprus, Dominica, Fiji, Gambia, Ghana, Grenada, Guyana, India, Jamaica, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Malta, Mauritius, Nauru, New Zealand, Nigeria, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines, Seychelles, Sierra Leone, Singapore, Solomon Islands, Sri Lanka, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, United Kingdom, Vanuatu, Western Samoa, Zambia, Zimbabwe

Canada
United Kingdom
Malta
Cyprus
The Bahamas
Jamaica
Dominica
St. Lucia
St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Guyana
The Gambia
Sierra Leone
Nigeria
Ghana
Uganda
Kenya
Tanzania
Seychelles
Zambia
Malawi
Zimbabwe
Botswana
Swaziland
Lesotho
Mauritius
Bangladesh
India
Sri Lanka
Malaysia
Singapore
Papua New Guinea
Nauru
Tuvalu
Kiribati
Solomon Islands
Western Samoa
Vanuatu
Fiji
Tonga
Australia
New Zealand

plier and the purchaser covering the 10% and 15% respectively. In such deals, Eximbank's interest rate today typically would be 9.25% at 10-year term. In other cases when competition is less direct or not verified, Eximbank support has been, of necessity, much lower and, in some cases, has consisted of guarantees only, with no direct credits.

It would be in the long-term interest of all industrialized countries to bring the export financing price war under control, and, indeed, in an ideal world, financing costs would be determined by market forces alone. In this regard, we are continuing efforts with other industrial nations to work out better ground rules to limit credit competition but with little success so far. In the meantime, our aircraft industry is faced with the very real problem of how to meet the superior European government-backed credit terms.

Foreign Policy Controls

The impact of foreign policy controls has been particularly strong in the Middle East. South African sales have also been affected and, to some extent, sales to Chile, with the denial until recently of Eximbank facilities. Our antiboycott legislation does not appear to have directly influenced sales so far. Nor have munition controls had a noticeable effect.

The requirement for a validated license under the Export Administration Act of 1979 affects aircraft exports primarily in two areas: exports to police and military entities in South Africa and exports to the four countries determined to have repeatedly provided support for acts of international terrorism- Iraq, Libya, Syria, and the People's Democratic Republic of Yemen. For South Africa, we have denied applications to sell about $2 million in aircraft to the police and military. Sales to civilian end users have been routinely approved.

Restrictions on aircraft sales to the four countries designated as repeated supporters of terrorist acts have resulted in our failure to approve licenses for sales of more than $500 million. Additional licenses may not have been sought because the prospect of approval was so slender. Whenever the U.S. Government withholds a license, the reliability of the United States as a commercial supplier can come under question. The Arab Air Carriers Organization passed a resolution last year decrying the denial of aircraft to some of its members. U.S. aircraft manufacturers have told us that their customers are now demanding penalty clauses in sales contracts in case of export license denial.

Disincentives

The U.S. Foreign Corrupt Practices Act appears to have been a complicating factor in sales in the Middle East. There are complaints that the act has caused fears and misunderstandings that lead to confused negotiations. A contact is reported commenting in regard to a loss to airbus that "only Americans are naive and innocent."

There is also concern in the Middle East about section 911/913 of our tax code and the difficulty that this causes in recruitment of U.S. technicians. This problem, however, does not appear to figure heavily in the case of aircraft sales.

Inducements to Industry and Sales

All industrialized countries, including our own, provide government inducements to aircraft manufacture and sales, but on balance, our industry clearly trails. European government inducements typically consist of developmental grants, low- or no-interest development loans and guarantees, highly favorable export financing terms, marketing subsidies, and currency exchange subsidies. Japan provides a similar but perhaps less comprehensive range of inducements. We have, of course, provided Eximbank support, and for defense ends, a number of supports in facilities and research and development assistance. An important difference separating our industry from most others is that most foreign firms are nationalized or have at least some equity participation by governments.

As the subcommittee is aware, a separate code, the Agreement on Trade in Civil Aircraft, was negotiated during the recently completed Tokyo Round of trade negotiations. This has been signed by the United States, the European Community, Austria, Canada, Japan, Norway, Romania, Sweden, and Switzerland and is in force. Article VI of the agreement states that signatories "should seek to avoid adverse effects of trade in civil aircraft in the sense of Articles 8.3 and 8.4 of the Agreement on Subsidies and Countervailing Duties," i.e., that injury to another signatory's domestic industry or serious prejudice to the interest of another signatory should be avoided. Displacement of another country's exports in a third country could fall under the concept of "serious prejudice." Article 11, however, recognizes that subsidies are widely used as important instruments for the promotion of social and economic policy objectives, and the right of signatories to use such subsidies is not restricted. What is left unclear and yet to be sorted out is where legitimate economic and social objectives end and injury and prejudice begin. There is room for wide difference in interpretation, and substantial burden of proof will rest on the complainant in cases brought up under the agreement.

I have restricted myself largely to a description of the situation our aircraft industry faces, with reference to the impact of government policy. I have deliberately avoided speculating on what policy is likely to be, or ought to be, in the future. Given the emergence of strong competition from the airbus, the U.S. Government can no longer take for granted American dominance of the world market for civil aircraft. A healthy export sector continues to be a major foreign policy goal of the United States and an important element in maintaining our influence in the world.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Lifts Agricultural Sales Limitation to the U.S.S.R.

PRESIDENT'S STATEMENT, APR. 24, 1981[1]

I am today lifting the U.S. limitation on additional agricultural sales to the Soviet Union as I promised to do during last year's Presidential campaign. My Administration has made a full and complete study of this sales limitation, and I reached my decision after weighing all options carefully and conferring fully with my advisers, including members of the Cabinet and the National Security Council. We have also been consulting with our allies on this matter.

As a Presidential candidate, I indicated my opposition to the curb on sales, because American farmers had been unfairly singled out to bear the burden of this ineffective national policy. I also pledged that when elected President I would "fully assess our national security, foreign policy, and agricultural needs to determine how best to terminate" the decision made by my predecessor.

This assessment began as soon as I entered office and has continued until now. In the first few weeks of my Presidency, I decided that an immediate lifting of the sales limitation could be misinterpreted by the Soviet Union. I, therefore, felt that my decision should be made only when it was clear that the Soviets and other nations would not mistakenly think it indicated a weakening of our position.

I have determined that our position now cannot be mistaken: The United States, along with the vast majority of nations, has condemned and remains opposed to the Soviet occupation of Afghanistan and other aggressive acts around the world. We will react strongly to acts of aggression wherever they take place. There will never be a weakening of this resolve.

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[1] Read to reporters by deputy press secretary Larry M. Speakes (text from Weekly Compilation of Presidential Documents of Apr. 27, 1981). ■

Dutch Prime Minister Meets With Vice President Bush

Prime Minister Andreas A. M. van Agt and Foreign Minister Christoph A. van Der Klaauw of the Netherlands made an official visit to Washington, D.C., March 30–April 1, 1981. Following are remarks made by the Prime Minister and Vice President Bush following a meeting on March 31.[1]

Vice President Bush

We've just had a delightful visit with Prime Minister van Agt, and I told him how much the President had been looking forward to seeing him. And I know from having visited the President in the hospital, prior to this visit, that today how much our President regrets not being able to receive this very, very distinguished visitor on this beautiful day here at the White House.

Our talks, we think, on the American side, have been extremely useful, despite the overlying concerns that everybody feels about our President. But these talks do testify to the continuing importance which the United States places on our transatlantic ties, including those with all of the members of NATO.

In that connection, the President asked me to extend, through the Prime Minister, to Her Majesty Queen Beatrix our hope that she will come to the United States in 1982. A visit by Her Majesty would be a fitting culmination of our joint celebration during that year of our bicentennial of U.S.-Dutch relations.

The Prime Minister also comes to us as Chairman of the European Council. I have welcomed this opportunity to exchange views on issues of concern to the Community and, of course, bilateral concerns to the United States. And I know we feel—and I'm sure I speak for Secretary Haig and all who were privileged to meet with the Prime Minister—that there is a mutual understanding on many issues.

There is a mutual understanding of the situation, for example, in the Middle East and of our efforts there, efforts in which they have played a key role. The Netherlands and the United States are also allies in NATO, which I mentioned, and which, of course, remains the backbone of our mutual security. In our talks, I reiterated the U.S. determination, as President Reagan has made clear, to pursue vigorously the two tracks of NATO's December 1979 decision on theater nuclear weapons, both modernization and arms control.

We discussed Poland and were in strong agreement that the Polish people must be allowed to work out a solution to their own problems. Outside intervention or internal suppression in Poland would have severely—you'd have severe negative effects on East-West relations.

We discussed a little bit, to some degree, the crisis in Afghanistan, brought about by this illegal invasion and occupation of the country. We talked about the regional security of the Caribbean. We discussed, to some degree, El Salvador. I explained that American policy is designed to help that country defend itself against attacks from Marxist guerrillas that are supported and trained by Communist countries. The Duarte government must be given the opportunity to institute its reform programs.

We had a very fruitful meeting. I expressed my regrets to the Prime Minister that he did not have the opportunity to be received and to meet and to discuss these issues with our President. But it was a tribute to our friendship that our President being absent, the Prime Minister was willing to accord us every courtesy and come here and to have these fruitful discussions.

Prime Minister van Agt

Let me first say, again, how much we were shocked by the events of yesterday. We wish, again, the President, wholeheartedly, a speedy and full recovery.

The meetings we had today have, no doubt, further contributed to the excellent relations between the United States and Europe. Our historic relationship has proved to be essential at the most crucial moments in our past and will continue to be so in the future. Today we are strongly united in an alliance aimed at our common single goal—preserving peace and freedom in the world. At the same time, we are dedicated to contribute to national and international efforts to improve the quality of life for the millions in the world who are in the most serious need.

A total of 1,357 persons left Vietnam under the program in December and January, and we expect that another 1,800 Vietnamese will leave in the next few months. Vietnamese authorities have responded affirmatively to our suggestion to expand the agreed-upon list of people eligible to leave under the program, and we are now moderately optimistic about the future of the orderly departure program. We, also, hope that this program will be a safe and effective alternative to risky clandestine departures.

In addition, international relief efforts have had a major impact on conditions inside Kampuchea and have encouraged as many as 300,000 Khmer to return to their homes from their transient status in Thailand, Vietnam, and Laos.

Current U.S. Policy

For the present, U.S. policy toward the Indochinese refugees is primarily focused on resettlement in this country and other industrial countries. We are particularly concerned that other countries involved in this international effort maintain their degree of involvement as exhibited at the Geneva conference. In this respect, we associated ourselves on two occasions last year, most recently in December, with UNHCR's appeal to resettlement countries to continue their commitments. We will pursue this matter again this year. Resettlement opportunities in developing countries are also being actively pursued.

The Khmer in UNHCR holding centers present a special and delicate problem. Since their status and interest in repatriation were uncertain, we held back from seeking their resettlement, pending clarification of that situation by the UNHCR. Recently, the UNHCR has suggested that more resettlement opportunities be provided to the Khmer. In response to this request, we estimate that we will be able to accept, under our program, 25,000 to 30,000 Khmer over the next few months.

UNHCR attempts to foster voluntary repatriation have not been successful so far, with the exception of a very modest program of return to Laos. The Department continues to support UNHCR's ongoing efforts to encourage Lao in refugee camps and Khmer in the holding centers to return voluntarily to their homelands. And we have supported UNHCR's assistance to Khmer who have already returned to their villages as a means to attract others from Thailand. One of our primary concerns over the years has been to insure that repatriation be truly voluntary. We continue to be alert to the possibility of forced repatriation and, at this time, believe that these voluntary repatriation programs are soundly based, though with modest prospects.

We must be realistic about the numbers of Indochinese refugees who will remain in first-asylum camps in the coming year. Given projected arrivals and offtake by third countries, we believe that the United States should plan on the resettlement of up to 144,000 Indochinese refugees in FY 1982, as compared with the authorized level of 168,000 for FY 1981. As you know, however, actual admissions levels are determined by the President following the congressional consultations in September, in accordance with the Refugee Act of 1980. We will continue to monitor the situation in Southeast Asia, third-country resettlement rates, and the availability of resources to insure that our resettlement program is appropriate to the situation.

For FY 1982, the Department of State is seeking $29 million for the UNHCR programs meeting the needs of Indochinese refugees located in the ASEAN nations or Hong Kong. This contribution will enable us to continue our practice of meeting 30% of the cost of the UNHCR's program for the care and maintenance of these refugees.

In Kampuchea, we hope that continued improvements will approach to minimum food self-sufficiency by CY 1982. However, the outlook for agricultural production inside Kampuchea remains uncertain. The international community may have to revise its present requirements. We remain committed to assuring the Khmer people the humanitarian relief they need in order that they may cease to need international relief as quickly as possible. But mindful of concerns about development assistance inside Vietnamese-occupied Kampuchea, we and other donors have pressed for the termination of activities by the U.N. Joint Mission for Cambodian Relief as soon as the Khmer are able to feed themselves or if shortfalls in food self-sufficiency continue, as soon as they are manageable.

For Khmer relief in FY 1982 the Department is seeking $20 million as the cash component of our contribution. These funds will be provided to international organizations or private voluntary organizations involved in this essential operation. If, as we hope, Kampuchea is approaching self-sufficiency in food production by early 1982, we expect to be able to reduce our nonfood contributions from the $30 million programed for FY 1981 to a level of $20 million in FY 1982. Such an amount will allow us to maintain our policy of meeting about one-third of the total contributions made. In addition to these sums, $10 million was provided in FY 1981 for the care and maintenance of Khmer in holding centers in Thailand, and a similar amount is budgeted for FY 1982.

Finally, although it is not a refugee relief activity, the Department is also seeking $10 million to finance English-language training and cultural orientation in Southeast Asia for refugees selected for resettlement in the United States. The intent of this program is to ease the initial strain of the resettlement process on refugee sponsors and the American communities in which they settle and to speed the process by which the refugees reach self-sufficiency. In the current year, this program operates under the auspices of the UNHCR but is financed for refugees bound for the United States by this program.

Afghan Refugees

While refugee emergencies have fortunately abated somewhat in Southeast Asia, another problem grows in Western Asia. Today, 15 months after the Soviet invasion of Afghanistan, thousands of Afghans continue to flee into Pakistan every day. The 1.7 million Afghans now in Pakistan represent one-tenth of the population of Afghanistan and constitute the largest refugee group in the world today. Since December, they have been entering Pakistan at the rate of 130,000 per month, many after their homes were bombed, crops destroyed, and flocks killed. They have endured great hardships in their flight to refuge.

About 40% of the refugees are children under the age of 12, with the remainder fairly equally divided between adult men and women. Grouped in tent villages established and administered by the Pakistan Government near the Afghan border, the refugees are subject to the harsh extremes of heat and cold which are characteristic of that region.

The people and Government of Pakistan have responded most generously to the needs of the refugees. It is estimated that the Pakistan Government itself bears around half the cost—or about $100 million in 1980—of the total relief effort. Indirect costs to land and water resources caused by the concentration of refugees are borne entirely by Pakistan.

After the massive buildup of population in January and February last year, the UNHCR assumed a role as the lead agency in mobilizing and coordinating international relief efforts. Working with the Pakistan Government, the UNHCR developed a support program in the spring of 1980 and then issued special appeals for about $100 million, divided about equally between food and nonfood needs.

For 1981 the UNHCR originally budgeted $52.5 million for Afghan programs, on the basis of a population of 1.1 million Afghans in Pakistan at the end of September 1980. Clearly, the subsequent population increases will force the budget higher, and the UNHCR and the Pakistan Government are now reviewing new relief planning estimates. The World Food Program, which channels the food component of the international assistance, estimates for this year a need for 312,000 tons of commodities with an estimated value of $120 million. The U.S. Government has lent its best efforts to support this humanitarian program, which also undergirds our political interests in this strategically critical area. In FY 1980 we contributed $43.7 million in cash and food to the relief effort, or nearly one-half of the total food and cash channeled through international organizations.

This fiscal year we have thus far made two new contributions to the Afghan relief program: food with an estimated value of $28 million and a pledge of $18 million for the UNHCR.

We expect the refugee population in Pakistan to increase to at least 2 million in FY 1982, for which we will need a total of $24 million for our proposed contribution to the UNHCR's Pakistan program. Food for Peace will provide significant supplies of foodstuffs in FY 1982. The level of this donation will be determined later this year following an assessment of the food needs of Afghan refugees in Pakistan.

The enormity of this problem and its compelling human and political dimensions require continued international support. Because its full extent is still emerging, the plight of Afghan refugees places a claim of priority upon the attention and generosity of the world community.

Reprograming Proposal for El Salvador

by James L. Buckley

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on April 29, 1981. Mr. Buckley is Under Secretary for Security Assistance, Science, and Technology.[1]

I appreciate this opportunity to discuss the Administration's proposal to reprogram FY 1981 assistance funds to provide additional economic assistance to El Salvador.

As you know, we notified Congress on April 3 with regard to our intention to reprogram FY 1981 foreign assistance for El Salvador and for Liberia. We noted then that, because of the urgent need for additional economic support fund (ESF) assistance for these two countries and the limited availability of non-earmarked FY 1981 ESF, the President intends to exercise his authority under Section 614(a) of the Foreign Assistance Act of 1961, as amended, to reprogram limited amounts of ESF earmarked by legislation for these countries.

This particular exercise in the painful reprograming process illustrates why, as a matter of policy, the Administration is seeking an alternative, less disruptive way to meet unforeseen contingencies. In this case, we have had to draw $21 million each from funds earmarked for Egypt and Israel. Fortunately, these governments have been understanding of the urgent need for us to be able to transfer to El Salvador and Liberia quick-dispersing funds that had been earmarked for them. Their response has been generous and statesmanlike.

The need of Egypt and Israel for these funds, however, continues to exist. We are, therefore, increasing our request for ESF funding in FY 1982 for Israel and Egypt by $21 million each and are reducing our request for unallocated ESF funds by a like amount. These adjustments, in effect, reflect an allocation of the special requirements fund we have requested mandated by events that have occurred between the time we first made our FY 1982 request and this presentation.

The economic emergencies we have been called upon to meet this past month in both El Salvador and Liberia have stretched existing resources to the limit. Time has not permitted a resort to a request for supplemental appropriations which, in any event, ought to be considered a measure of last resort. The problems created any time one seeks to reduce funding that other countries have been led to count upon would have made the task impossible without serious diplomatic setbacks had the Governments of Egypt and Israel been less willing to accommodate over $40 million of reprograming requests.

Given the economic problems and uncertainties facing so much of the Third World, it is impossible for us to anticipate today what countries we may need to provide with new or additional economic assistance a year or so hence as a matter of vital American self-interest.

It, therefore, seems to us, in the light of recent experience, that it is both sensible and prudent to establish a contingency ESF fund for FY 1982, subject to all the safeguards that the Congress presently imposes on the reprograming process. Such a fund will enable us to meet unforeseen needs without the difficulties and risks to international good will that are an inevitable part of existing procedures.

Let me now turn to the specifics of our proposal for additional economic assistance for El Salvador.

U.S. Proposals

The total package amounts to $63.5 million to be used for the following purposes:

- $24.9 million in ESF assistance will be used in the next 3 months to provide foreign exchange to the private sector to import new materials and equipment needed to revive industrial and agricultural production.
- $13.5 million in PL 480 title II aid will help finance food imports. We believe it will cover most, if not all, of El Salvador's requirements for wheat and edible oil for the rest of the year.
- An extra $8 million will be added to the $22 million currently available under Commodity Credit Corporation (CCC) guaranty programs. El Salvador has traditionally financed industrial and agricultural imports with foreign com-

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Current Actions

MULTILATERAL

Agriculture
Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980. TIAS 9919.
Ratification deposited: Bolivia, Apr. 8, 1981.

Antarctica
The Antarctic treaty. Signed at Washington Dec. 1, 1959. Entered into force June 23, 1961. TIAS 4780.
Accession deposited: Peru, Apr. 10, 1981.
Notification of succession deposited: Papua New Guinea, Mar. 16, 1981.

Aviation, Civil
Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.
Accession deposited: Kiribati, Apr. 14, 1981.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.
Accession deposited: Kiribati, Apr. 14, 1981.

Biological Weapons
Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Accession deposited: Uruguay, Apr. 6, 1981.

Commodities – Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signature: Brazil, Apr. 16, 1981.

Conservation
Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Accessions deposited: Liberia, Mar. 11, 1981; Mozambique, Mar. 25, 1981.
Reservations withdrawn: South Africa, Feb. 17, 1981.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Bonn June 22, 1979.[1]
Acceptances deposited: Denmark, Feb. 25, 1981; Switzerland, Feb. 23, 1981.

Cultural Property
Statutes of the International Center for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi Nov.-Dec. 1956, as amended Apr. 24, 1963, and Apr. 14–17, 1969. Entered into force May 10, 1958; for the U.S. Jan. 20, 1971. TIAS 7038.
Notification of withdrawal: U.K., Dec. 30, 1980; effective Dec. 30, 1981.

Customs
Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Zimbabwe Mar. 19, 1981.

Diplomatic Relations
Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.
Accession deposited: Sudan, Apr. 13, 1981.

Finance
Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accession deposited: Solomon Islands, Mar. 13, 1981.

Human Rights
American convention on human rights. Done at San Jose Nov. 22, 1969. Entered into force July 18, 1978.[2]
Accession deposited: Mexico, Mar. 24, 1981.[3]

International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[2]
Accession deposited: Mexico, Mar. 23, 1981.

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[2]
Accession deposited: Mexico, Mar. 23, 1981.

Hydrographic Organization
Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 3, 1967. Entered into force Sept. 22, 1970. TIAS 6933.
Accession deposited: Belgium, Mar. 10, 1981.

Judicial Procedure
Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.
Accession deposited: Barbados, Mar. 5, 1981.

Load Lines
Amendments to the international convention on load lines, 1966 (TIAS 6331). Adopted at London Oct. 12, 1971.[1]
Acceptance deposited: Belgium, Mar. 19, 1981.

Maritime Matters
Convention on the Intergovernmental Maritime Consultative Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.
Acceptance deposited: Costa Rica, Mar. 4, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490). Adopted at London Nov. 14, 1975.[1]
Acceptance deposited: Spain, Apr. 14, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Spain, Apr. 14, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: Malaysia, Apr. 2, 1981; Spain, Apr. 14 , 1981.

Patents
Patent cooperation treaty, with regulations. Done at Washington June 19, 1970. Entered into force Jan. 24, 1978; except for chapter II. Chapter II entered into force Mar. 29, 1978.[4] TIAS 8733.
Territorial application: Notification by U.K. that treaty shall be applicable to Hong Kong, effective Apr. 15, 1981.

Pollution
Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.[1]
Accession deposited: Bahamas, Mar. 5, 1981.

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1981. Entered into force Oct. 16, 1978.[2]
Accession deposited: Maldives, Mar. 16, 1981.

Program-Carrying Signals
Convention relating to the distribution of programme-carrying signals transmitted by satellite. Done at Brussels May 21, 1974. Entered into force Aug. 25, 1979.
Ratification deposited: Italy, Apr. 7, 1981.

Property – Industrial
Nice agreement concerning the international classification of goods and services for the purposes of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6, 1979.[2]
Accession deposited: Denmark, Mar. 3, 1981.

Safety at Sea
Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981.
Accession deposited: Norway, Mar. 25, 1981.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Accession deposited: Singapore, Mar. 16, 1981.

Satellite Communications System
Convention on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Accession deposited: Philippines, Mar. 30, 1981.
Ratification deposited: Chile, Feb. 26, 1981.

Operating agreement on the international maritime satellite organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.
Signatures: Chile, Feb. 26, 1981; Philippines, Mar. 30, 1981.

Terrorism
International convention against the taking of hostages. Done at New York Dec. 17, 1979.[1]
Accession deposited: Trinidad and Tobago, Apr. 1, 1981.

Transportation
Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976.[2]
Accession deposited: German Democratic Republic, Apr. 14, 1981.

Treaties
Vienna conventions on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.[2]
Ratification deposited: Chile, Apr. 9, 1981.

Wheat
1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981.[1]
Signature: Sweden, Apr. 6, 1981.

1981 protocol for the sixth extension of the wheat trade convention, 1971. Done at Washington Mar. 24, 1981.[1]
Signatures: Brazil, Apr. 28, 1981; Egypt, Apr. 24, 1981; Sweden, Apr. 6, 1981; Tunisia, Apr. 22, 1981.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Signature: Brazil, Mar. 31, 1981.
Ratification deposited: Mexico, Mar. 23, 1981.

Convention on the political rights of women. Done at New York Mar. 31, 1953. Entered into force July 7, 1954; for the U.S. July 7, 1976. TIAS 8289.
Ratification deposited: Mexico, Mar. 23, 1981.

Inter-American convention on the granting of political rights to women. Signed at Bogota May 2, 1948. Entered into force Apr. 22, 1949; for the U.S. May 24, 1976. TIAS 8365.
Accession deposited: Mexico, Mar. 24, 1981.

BILATERAL

Dominica
Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Bridgetown and Roseau Dec. 11, 1980, and Feb. 4, 1981. Entered into force Feb. 4, 1981.

Dominican Republic
Agreement for sales of agricultural commodities, relating to the agreement of Sept. 28, 1977 (TIAS 8944). Signed at Santo Domingo Feb. 20, 1981. Entered into force Feb. 20, 1981.

The Gambia
Agreement relating to radio communications between amateur stations on behalf of third parties. Effected by exchange of notes at Banjul Mar. 17, 1981. Entered into force Apr. 16, 1981.

Ghana
Agreement for sales of agricultural commodities, relating to the agreement of Apr. 14, 1980 (TIAS 9738), with agreed minutes. Signed at Accra Mar. 31, 1981. Entered into force Mar. 31, 1981.

Hong Kong
Agreement amending the agreement of Aug. 8, 1977, as amended (TIAS 8936, 9291, 9611, 9714), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Hong Kong Mar. 13, 1981. Entered into force Mar. 13, 1981; effective Jan. 1, 1981.

Israel
First amendment to agreement of Dec. 3, 1980, proving additional grant funds to support the economic and political stability of Israel. Signed Mar. 27, 1981. Entered into force Mar. 27, 1981.

Malaysia
Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Kuala Lumpur Dec. 5, 1980, and Feb. 27, 1981. Entered into force Feb. 27, 1981; effective Jan. 1, 1981.

Mexico
Agreement of cooperation regarding pollution of the marine environment by discharges of hydrocarbons and other hazardous substances, with annexes. Signed at Mexico City July 24, 1980. Entered into force provisionally July 24, 1980.
Entered into force: Definitively, Mar. 30, 1981.

Agreement on cooperation in cases of natural disasters. Signed at Mexico City Jan. 15, 1980. Entered into force provisionally Jan. 15, 1980.
Entered into force: Definitively, Mar. 18, 1981.

NATO
Agreement concerning the application of part IV of the agreement on the status of the North Atlantic Treaty Organization, national representatives, and international staff, Sept. 20, 1951 (TIAS 2992), to the officials of NATO civilian bodies located on the territory of the United States of America. Signed at Brussels Mar. 3, 1981. Entered into force Mar. 3, 1981.

Niger
Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Niamey Mar. 11 and June 9, 1980. Entered into force June 9, 1980.

Norway
Agreement concerning fisheries off the coasts of the U.S., with annex and agreed minutes. Signed at Washington Jan. 26, 1981. Enters into force on a date to be mutually agreed by exchange of notes, upon the completion of internal procedures of both governments.

Philippines
Memorandum of understanding for the exchange of individual personnel between the U.S. Army Western Command and the Armed Forces of the Philippines. Signed at Manila Mar. 25, 1981. Entered into force Mar. 25, 1981.

Poland
Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Washington Sept. 15, 1980, and Mar. 20, 1981. Entered into force Mar. 20, 1981; effective Jan. 1, 1981.

St. Lucia
Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Bridgetown and Castries Dec. 11, 1980, and Jan. 27, 1981. Entered into force Jan. 27, 1981.

St. Vincent and the Grenadines
Agreement concerning the provision of training related to defense articles under the U.S. International Military Education and Training (IMET) Program. Effected by exchange of notes at Bridgetown and Kingstown Dec. 11, 1980, and Jan. 20, 1981. Entered into force Jan. 20, 1981.

Senegal
Agreement amending the agreement for sales of agricultural commodities of May 16, 1980. Effected by exchange of notes Dec. 23, 1980. Entered into force Dec. 23, 1980.

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President Reagan, President Lopez Portillo, and Italia Morayta (interpreter) at Camp David luncheon.

(White House photo by Michael Evans)

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SPECIAL (See Center Section)

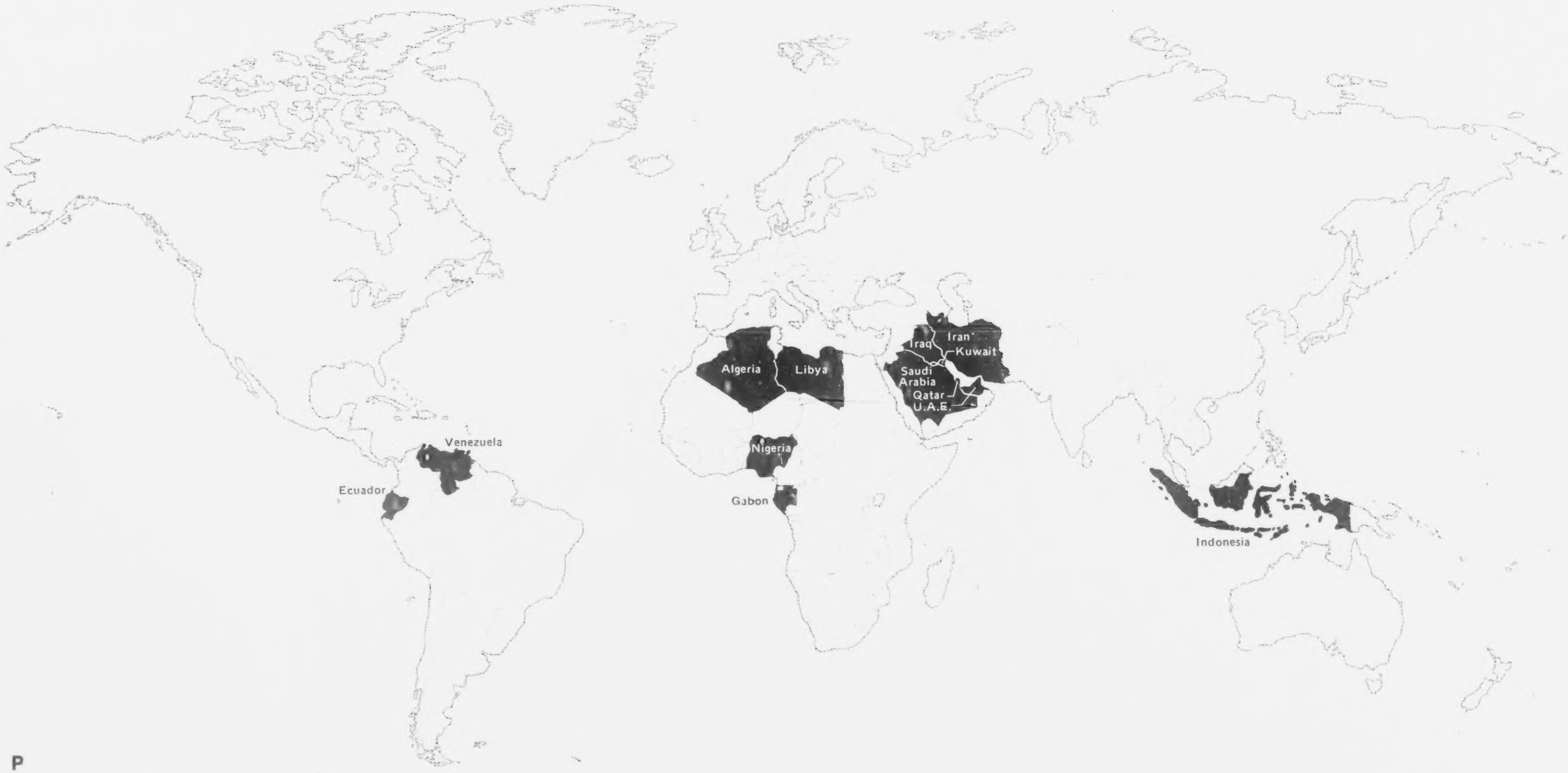
Atlas of United States Foreign Relations: Economics—Part 1

Organization of Petroleum Exporting Countries

The Organization of Petroleum Exporting Countries (OPEC) is a commodity producers' organization founded in 1960 to promote common policies toward foreign oil companies and increase revenues from this commodity. It comprises 13 countries accounting for about 50% of the world's crude oil production. Arab members form the Organization of Arab Petroleum Exporting Countries (OAPEC).

Original Members: Iraq, Iran, Kuwait, Libya, Saudi Arabia, and Venezuela

Later adherents: Algeria (1969), Ecuador (1973), Gabon (1975), Indonesia (1962), Nigeria (1971), Qatar (1961), and the United Arab Emirates (1967, through Abu Dhabi's membership).


Venezuela
Ecuador
Algeria
Libya
Iraq
Iran
Kuwait
Saudi Arabia
Qatar
U.A.E.
Nigeria
Gabon
Indonesia

Foreign Policy Priorities in Asia

by Walter J. Stoessel, Jr.

Address before the Los Angeles World Affairs Council in California on April 24, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.

It is my distinct pleasure to be here with you on the west coast of our nation. I must confess that the pressures of work in Washington these past 2 months make it all the more pleasant to be here as a result of your kind invitation. And the important tasks which this Administration has begun to address require your full participation and understanding in order that we have consensus and support.

The Los Angeles World Affairs Council justifiably ranks at the top of the councils around our great country. I speak with full personal conviction when I say that your role is essential in contributing to public understanding of the most pressing and complex international issues of our day. It is up to you and the other councils to provide the framework for interaction between our foreign policy officials and the informed American citizens without whose support our policies can neither prevail nor be effective. Let me express the Department of State's appreciation for those efforts along with my personal gratitude for your kindness in inviting me here today.

I want to share with you some thoughts about the main foreign policy priorities of President Reagan and his Administration. We are planning ahead. Our reviews of policy priority issues have been intensive and productive. Obviously, there is much yet to be done, but clear trends of our policy are already discernible. And we have begun to apply them.

I would like in particular today to place special emphasis on our foreign relations priorities in Asia, where our interests and commitments are long standing and where this Administration will place special and continuing emphasis.

Basic Elements

First, let me mention four basic elements of our overall foreign policy approach – four anchors for us as we look at the turbulent world scene.

First, we have recognized that, beyond simply asserting our role as leaders of the free world, we must act as leaders. Responsible American leadership is of the utmost importance in achieving our aim of a just and stable world order. We must be strong, balanced, consistent, and reliable in our policies and our actions, and we must proceed with prudence and sensitivity with regard to the interests of our allies and friends consulting fully with them as we work together for the more secure and prosperous world we all desire.

Second, we have seen and acted on the need to improve our own defenses. We must strengthen our military position in order to compensate for the tremendous buildup of Soviet military power which has been going on for the past two decades. We must keep in mind the saying that "defense may not be everything, but without it there is nothing."

Third, we are concerned in a very basic way by the worldwide pattern of Soviet adventurism. We seek a greater degree of moderation and restraint as well as commitment to abide by international law in Soviet behavior, but only the evident strength of our nation and of our friends and allies will serve the quest for stability with the Soviet Union.

Fourth, and of utmost importance, is the essential task of restoring viability, productivity, and balance in our domestic economy. This has been a primary objective of President Reagan's policies and much has been accomplished in a remarkably short time. We also recognize the significance and importance of our actions in the international economic context, and we believe that our forthright attack on problems at home fits our longer international effort to contribute to building a more prosperous, stable, and equitable world order. Without this effort to set our economic house in order, none of the above stated priorities will be possible to carry out.

In our emphasis on the above elements of our policy, we will take care that our policies throughout the world are conducted with consistency and clarity. It is also essential that our efforts be focused within a framework which permits actions and policies in one region to be mutually reinforcing in another region.

U.S. Interests in Asia

Turning now to Asia in particular, our interests are diverse and long standing. They encompass security and economic commitments on the one hand and friendship and cultural affinity with the peoples of the region on the other. Our security arrangements are spelled out in bilateral treaties with Japan, South Korea, and the Philippines; our trilateral treaty with Australia and New Zealand (ANZUS); and the Manila pact, under which we have a commitment to the security of Thailand. In a broad sense, then, we are committed to peace and stability throughout the region.

In recent years, we have recognized that our Asian security policy is related to our larger task of coping with the strategic challenge posed by our principal adversary, the Soviet Union, and by the aggressive actions of nations which receive its backing and act as its proxies, such as Vietnam. The challenge is global in character, and what we do in Asia will be consistent with our efforts elsewhere.

On the economic and commercial front, the indicators point to a solid relationship. Total U.S. trade with East Asia equals our trade with all of Western Europe.

Let me discuss the key relationships we have in the region and the key question: What are the Reagan Administration's policy priorities?

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quest that the Senate return to me without further action the Agreement Between the Government of the United States of America and the Government of Canada on East Coast Fishery Resources, signed at Washington, March 29, 1979.

I believe that the course of action outlined above is in the best interest of the United States and will contribute to the close and cooperative relationship with Canada that we seek.

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 27, 1981. ■

The European Council, meeting in the Netherlands last week, further emphasized the need for the closest possible cooperation between the European Communities and the United States in solving the extremely serious economic problems we are facing. The only way to win the economic fight is through well-coordinated, joint efforts.

You mentioned the fact that our countries are preparing for the celebration next year of the 200th anniversary of our diplomatic and trade relations. They are the oldest, unbroken, continuously peaceful relations between the United States and any other foreign power.

The announcement you just made to extend an invitation to Her Majesty Queen Beatrix to visit your great country in 1982 fills us with a great sense of gratitude. Your gracious invitation will enable our Queen to continue a tradition which has become a symbol of our friendship in all times. We regard your invitation as a seal on that unalterable and unique relationship between our countries across the ocean.

I'm convinced that these celebrations, highlighted by your visit of our Queen, will serve their high purpose in contributing to an increased recognition of our respective shares in efforts to improve the lot of mankind.

May I, repeatedly, thank you for your willingness to receive us today under such extraordinary, exceptional circumstances. I said to you already, we would not have been surprised in case you would have cancelled entirely, or at least partly, the program which had been prepared for the visit long before. Now the gratitude is ours. We had very valuable and instructive talks. We spoke as allies and friends. And I'm sure these talks will contribute to our common efforts.

Again, I ask you, we'll convey our best wishes, friendship, respect, and sympathy to your President.

Vice President Bush

May I just share with the people here on the lawn what I told you. I did visit the President in the hospital this morning, a very short visit, but I was very pleased at the way he looked. He in his typical, unfailing thoughtfulness asked me to convey his regards here and then also asked about my wife, and everything seemed so normal. And I just thought I'd tell this group what I've told you, that we feel very relieved in this country at what appears to be a very speedy recovery. And I know he would want me to say, as you leave these grounds, farewell, and God-speed, and come back.

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[1]Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

Turkish Foreign Minister Meets With Vice President Bush

WHITE HOUSE STATEMENT, APR. 2, 1981[1]

Vice President Bush today met with Ilter Turkmen, the Foreign Minister of Turkey, who has come to the United States at the invitation of Secretary Haig. The meeting included senior officials from both Turkey and the U.S. Government.

The Vice President and the Foreign Minister reviewed, in a cordial way, a number of bilateral and international issues. They discussed in particular the need for all NATO allies to continue concerted efforts to enhance their defense posture in response to existing threats in Southwest Asia and Europe. The Vice President also noted with satisfaction Turkish efforts to improve bilateral relations with Greece and Turkish support for the ongoing intercommunal talks on Cyprus.

The Vice President took special note of the excellent state of the Turkish-American relationship and the significance of this year, which marks the centennial of the birth of Mustafa Kemal Ataturk, the founder of modern Turkey.

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

Ataturk Centennial Year

WHITE HOUSE STATEMENT, APR. 2, 1981[1]

Beginning on May 19, Turkey will launch a year of celebration to commemorate the centennial anniversary of the birth of Mustafa Kemal Ataturk, the founder of the Republic of Turkey. Ataturk was a great national leader in times of war and peace. He was, and he remains, first in the hearts of his countrymen. For Turkey and its people, the Ataturk centennial year is as important an event as the 1976 bicentennial was for us.

In observance of this centennial year, events are being planned in the United States and other countries to acknowledge the significance of Ataturk to the Western World. Indeed, the turbulence of our era calls to mind the enduring wisdom of Ataturk's goal—"Peace at Home, Peace Abroad."

The visit of Turkish Foreign Minister Turkmen in this centennial year gives us cause to take note of the great value and importance of Turkish-American relations. The United States of America and the Republic of Turkey have been firm friends and allies for more than a generation. Beginning with Harry Truman, every American President has viewed a strong and stable Turkey as an essential goal of American policy. This is no less the case in the Reagan Administration. In recent years, the United States has been working vigorously with other nations to provide Turkey the resources necessary to regain economic health and to meet its important goals as a member of the North Atlantic Treaty Organization (NATO). The United States fully supports the efforts of the Turkish Government to eradicate terrorism and to carry out basic reforms that will assume the long-term stability of Turkish democracy and the well-being of the Turkish people.

In commemorating the Ataturk centennial, the United States and its people extend best wishes to the Republic of Turkey and its people.

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 6, 1981. ■

U.S. Policy Toward the Middle East and Persian Gulf Region

by Peter D. Constable

Statement before the Subcommittee on the Middle East and Europe of the House Foreign Affairs Committee on April 6, 1981. Mr. Constable is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.[1]

I welcome the opportunity provided by this hearing today to draw together the various aspects of our assistance program and to provide an integrated picture of our policies toward the Middle East and Persian Gulf region.

This is an area of global strategic significance, critical to the security of the United States and our allies. It is an area vulnerable to direct Soviet aggression and to indirect Soviet subversion. This vulnerability has increased substantially over the past 3 years with the collapse of the Shah's regime in Iran, the Soviet invasion of Afghanistan, and continued instability caused by regional disputes. The Administration is determined to carry out a broad strategy to arrest and reverse the negative trends in the region, while strengthening its security and stability. It is vitally important that the key nations of the area remain independent and feel secure. We are consulting continuously with them to find ways to insure we achieve these goals. A strategy is, therefore, underway, within which our military and economic assistance programs will play a critical part. The unfinished business of completing the peace process will go hand-in-hand with our efforts to improve the security environment in the region. Our approach takes into account threats and developments in contiguous areas. We will carry out a coherent and consistent policy in full awareness of the interrelationships between tensions in different regions and theaters.

Within this context, I will now describe our key national objectives in the area, the threats we perceive, and the policies which the Administration will pursue to advance these objectives.

U.S. Objectives

We have three fundamental objectives in the region today.

First, we have a compelling interest in promoting the security of our friends in that part of the world, including Israel, Egypt, and the other moderate governments. In advancing this important objective, we have an important advantage over potential adversaries—we seek not to dominate the governments and peoples involved but to work with them to build a strong environment for stability and independence.

Second, we have a clear interest in assuring the security and availability of resources vital not only to the United States but to the industrial and developing world, generally.

Third, both we and our friends in the region share an interest in protecting vital transportation and communications routes to assure the passage of vital resources and commodities and to deny to any power the capacity to threaten or intimidate cooperative relationships within the free world.

It is evident that the objectives we pursue in this area derive clearly from vital U.S. national interests. We believe, however, that these interests are fully compatible with, indeed complementary to, the interests and objectives of friendly and independent-minded governments in the Middle East and South Asia. These mutual interests are the basis on which we will build as we work to strengthen our relationships and advance our objectives.

Regional Challenges

We do not, of course, operate in a vacuum. There are threats and challenges to which our policies respond.

The **first** and most dramatic is Soviet expansionism. This takes the form of direct military intervention, as the world has seen clearly in the Soviet invasion of Afghanistan. It can also take more indirect forms through the projection of Soviet influence by support for radical regimes, as in South Yemen or Libya, or exploitation of subversive elements and unresolved conflicts. Unless this Soviet threat is addressed squarely and with flexibility by the United States, its allies, and its friends in the region, it will seriously endanger the achievement of our objectives.

Second, and related, are regional disputes and conflicts which threaten regional stability and which provide fertile opportunities for external exploitation. Such disputes can not only affect the security of important states in the region but directly affect production and distribution of oil supplies, as we have seen recently in the Iraq-Iran war. In the central regional conflict—the Arab-Israeli dispute—substantial progress has been made toward a settlement with the conclusion and implementation of the Egyptian-Israeli Peace Treaty. However, deep divisions and unresolved issues remain between Israel and its other Arab neighbors which will continue to affect U.S. interests, relationships, and objectives until they can be composed on broadly accepted terms.

Finally, the forces of political change, the process of social development, and the strains of rapid economic growth all have potential for destabilizing societies in this as in other parts of the world. The fall of the Shah's government 2 years ago was a dramatic illustration both of the corrosive effect of these changes on regimes that lack the strength, cohesion, and resiliency to cope and of sudden damage which Iran's radicalization has caused to our political, economic, and security interests.

The escalating pressures for change underline the importance of policies that recognize and respect the deeply ingrained values and aspirations of the peoples of the region, at a time when we insist on respect for our own. It is a time in the history of our own relations with governments in the area to concentrate on wide areas of shared interest and common threats and to display special sensitivity to our differences.

While I have given some emphasis to the destabilizing dangers of rapid modernization, it is important also to note that many governments and peoples in the area are coping well with the focus of change, with the problems of development, and the dislocations of modernization.

Shape and Elements of U.S. Policy

An effective policy approach to the challenges and opportunities of the Middle East today must be carefully crafted of a variety of elements and instruments. The military and economic assistance programs which we have presented to the Congress have been fashioned, within the limits of current budget stringencies, to play a key part in our strategy. They complement and support the other aspects of a policy that is forward-looking, not merely reactive; a mercial financing. Commercial bank lines of credit to El Salvador have dried up as a result of political violence and uncertainty. The CCC guaranty serves to reestablish commercial bank financing for critical imports of tallow, soybean meal, cotton seed meal, bone meal, and powdered milk.

- An additional $7.1 million in development assistance loans will be added to existing agricultural programs providing credit and to an employment program to construct labor-intensive public works in low-income areas.
- Disbursements of $10 million will be accelerated under an existing housing guarantee program for the construction of low-income housing in two cities in El Salvador. This program is to guarantee long-term financing to El Salvador by a U.S. mortgage company.

The need for economic assistance is pressing. The GDP in 1980 fell 9% below the level in 1979. Export earnings have fallen sharply. A special mission recently returned from El Salvador estimates that the foreign exchange shortfall for 1981 may reach $150 million. We based our reprograming on this estimate. It could go higher. We will need to review the situation later this summer to determine whether any further commitments on our part will be necessary.

A failure on our part to respond promptly with the additional assistance we are requesting would be a devastating blow to the economy, perhaps bringing down the Duarte government and with it hopes for economic and social reform and a peaceful solution to the conflict through elections. The private sector would lose hope in the future of the country and abandon any support for the government. Production would decline further. Serious food shortages could develop. The government would be forced to slow down progress in agrarian reform. The increase in hunger, poverty, and unemployment would lead to greater political polarization. The United States would appear to be seeking a military solution.

It is also well to remember the importance of others in helping El Salvador meet its immediate needs. International financial institutions and other governments are providing assistance. For example, the concessionary credit terms for purchasing oil through the joint facility of Mexico and Venezuela should result in loans to El Salvador of $53 million in 1981. The International Monetary Fund is working to conclude a compensatory financing facility of about $40 million for El Salvador in 1981. It has been asked by the government to negotiate a standby drawing as well that would be about $40 million. A failure now to provide the additional assistance we are requesting would leave these donors in doubt about our commitment to do our share in economic assistance for El Salvador.

The additional, fast disbursing funds we are now requesting will bring our total commitment for economic assistance to El Salvador this year to $126.5 million. This is significantly more than three times the military assistance—$35 million—we are providing. This reflects our judgment and that of President Duarte's government as to his country's most pressing needs. As a matter of fact, all parties interested in the welfare of El Salvador and its people understand the urgency of the need for quick and effective economic assistance if the country is to remain afloat. There is admitted disagreement among people of good will as to the wisdom of America's military assistance, but there is little as to the kind of economic assistance we propose to extend through the requested reprograming.

And it is because of the critical importance of maintaining the viability of the Salvadoran economy that the guerrillas have intensified their war of economic attrition by which they hope to collapse the economy and with it, the government.

Current Situation in El Salvador

For a proper perspective on the situation in El Salvador today, it is necessary to understand that its economic problems go far beyond the disruptions that can be expected in a country engaged in a bloody insurgency. The fact is that with the failure of the military offensive launched last January, the revolutionary leadership has made a quantum jump in its efforts to paralyze the economy. In order to disrupt transportation, the revolutionaries have blown up bridges, ambushed trucks, and blocked highways. To deprive the country of electric power, they have attacked power stations and blown major transmission lines affecting an estimated one-third of the nation's electricity. Some of the most intense fighting in the past has involved the protection of critically important hydroelectric dams from guerrilla attack. These concerted attempts to disrupt the economy have even been extended to commercial activity as witness the indiscriminate bombings of markets and commercial offices.

President Duarte estimates that economic sabotage results in about $15 million in destruction each month. Our economic assistance will not restore facilities destroyed by sabotage or directly employ those put out of work as a consequence. It will help the government to meet immediate needs for food, foreign exchange to buy seed and fertilizer, and domestic credit to finance agriculture and industry. It will help restore confidence in the economy. It will allow the government to use its own resources to rebuild the infrastructure destroyed by the guerrillas and stimulate construction that will provide jobs for the unemployed.

We respectfully submit that the emergency economic assistance that the requested reprograming can alone provide is essential to the achievement of an El Salvador in which the people can be given the chance to determine their own destiny through the electoral process to which the Duarte government is committed. His government has consistently made clear its determination to take the country to elections as the best path to resolve the conflict in El Salvador.

This commitment was reaffirmed just last Saturday by the Vice President and Commander in Chief of the armed forces. Both the Christian Democrats and the military are clearly determined to hold fair elections.

The response of the guerrillas to the prospects of elections since the establishment of the electoral council has been interesting. They are now attacking the offices of the council and the provincial authorities where records are kept that would enable registration of voters to go forward. More than 15 of these offices have been attacked in one way or another over the past few weeks. Plainly, they hope to disrupt the electoral process, which, it must be remembered, will be the first honest one in the country's history. It is a pattern to weaken the government's reforms like the guerrillas' war of attrition against the economy.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Aid to Pakistan

by Jane A. Coon

Statement before the Subcommittees on Asian and Pacific Affairs and on International Economic Policy and Trade of the House Foreign Affairs Committee on April 27, 1981. Ms. Coon is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.[1]

I am pleased to be here today to testify in connection with the Administration's request for changes in Section 669 of the Foreign Assistance Act. The Administration firmly believes that congressional approval of this proposed amendment is in our national interest and will permit the United States to carry out important policies in a region threatened by the Soviet Union and critical to our well-being.

We are proposing that the waiver provision contained in Section 669 of the Foreign Assistance Act be amended to conform with that contained in section 670 of the same act. The amended language would also parallel the waiver provisions of the Nuclear Nonproliferation Act. We believe this would remove an anomaly in the law whereby countries engaged in transfers of reprocessing items are treated differently from those transferring or receiving enrichment materials or technology. It would provide the President with needed flexibility and permit him to pursue a consistent nonproliferation policy within the context of our overall national security interests.

Section 669 and Pakistan

Why do we wish to change this provision of the law? As you know, the sanctions have been applied in only the case of one country—Pakistan. Two years ago we suspended development assistance and our international military education and training (IMET) program to Pakistan. Our relations deteriorated. There was a growing sense of isolation and insecurity in Pakistan. This in no way contributed to a solution of the problem which prompted the application of our sanctions.

Much has changed in this region in the past 2 years with the collapse of Iran and the Soviet invasion of Afghanistan. We believe that the United States should have the flexibility to build a cooperative relationship with Pakistan in the face of a dangerous and growing threat from the Soviet Union to this vital region.

The Administration—and the previous one—recognized that the vital interests of the United States and its allies are engaged in this region. The Soviets, through their invasion of Afghanistan, have demonstrated their willingness to intervene militarily in Southwest Asia. The Soviet Army is now on the border of the populous Indian subcontinent, and Pakistan is a front-line state. The Soviet pressure on Pakistan is real, and the implications are far-reaching throughout South and Southwest Asia. Pakistan stands on the eastern flank of the Persian Gulf.

Although the development of our strategy for the Southwest Asia region is not yet complete, it is obvious that local states must be able to contribute to regional stability and to resist intimidation. This is particularly true of those states which, like Pakistan, are strategically located and most immediately threatened. A stronger, more self-confident Pakistan capable of resisting direct or indirect Soviet pressures through Afghanistan is, thus, essential for the protection of free world interests in the region.

Pakistan has, so far, withstood Soviet pressure and provided refuge to nearly 2 million Afghan refugees. Its resources, however, are limited as will be its ability to withstand prolonged pressure if it feels it is doing so alone. Pakistan deserves our support, and we are in the process of developing a closer and more cooperative bilateral relationship.

We intend to construct a new relationship with Pakistan in a measured way, seeking to evolve over the long term a durable and credible relationship which will serve the best interests of us both. In this respect, we intend to be fully conscious of Pakistan's position as a leader in both the nonaligned movement and the Islamic community of nations. We need to restore confidence on both sides. This is done better by actions than by words. In our discussions in Islamabad and here in Washington, we believe we have made a very good beginning.

When we first sent to the Congress our request for this change in section 669, we were in the very early stages of our dialogue with the Pakistanis. At that time we could only say, with specificity, that we hope to resume an IMET program in FY 1982. We were aware, however, that any substantial assistance for Pakistan in the context of building a new relationship would require modification of section 669.

As a result of our recent discussions with Foreign Minister [of Pakistan] Agha Shahi, we will be requesting authorization for $100 million under the economic support fund (ESF) in FY 1982. We also plan to discuss with the Pakistanis a more substantial long-term program. We will be returning to the Congress with more specific requests but probably not for the FY 1982 budget. Clearly, modification of section 669 is essential to moving ahead with economic assistance and IMET in FY 1982 and a more substantial package in the future.

The Administration believes that favorable action on the proposed amendment would also attest to the recognition, by the legislative branch, of Pakistan's critical position and to the breadth of American support for Pakistan during this time of trial.

Allies and Donor Countries

Resumption of economic assistance to Pakistan would also permit us to make a more meaningful contribution to the important collective effort on Pakistan's behalf. Since the Soviet invasion of Afghanistan, our allies and other donor countries have substantially increased their support. Japan and France, for example, have doubled their assistance in the past year. Total pledges at the Pakistan aid consortium increased 40% last year to a total of $1,020 million. Our contribution was $50 million in PL 480.

With Western encouragement and support, the IMF [International Monetary Fund] reached agreement on a 3-year extended fund facility to assist Pakistan in structural economic adjustments. In January Western creditors, including the United States, agreed to an 18-month debt rescheduling package. We understand Saudi Arabia is considering substantial increases in its aid to Pakistan.

Our friends and allies have recognized the importance of supporting Pakistan and have made significant contributions. A number of these countries have repeatedly stressed to us the importance of more vigorous U.S. participation in a collective effort.

Nonproliferation

Our proposed amendment to section 669 in no way reflects a diminution of concern by this Administration over the

Sudan
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed, or insured by the U.S. and its agencies, with annexes. Signed at Khartoum May 17, 1980. Entered into force for 1979/80 debt June 19, 1980.
Entered into force for 1980/81 debt:
Apr. 14, 1981.

Sweden
Technical exchange and cooperative arrangement in the field of nuclear safety research and development, with appendix. Signed at Bethesda and Studsvik Jan. 27 and Feb. 23, 1981. Entered into force Feb. 23, 1981.

Switzerland
International express mail agreement, with detailed regulations. Signed at Bern and Washington Dec. 7, 1978, and
Jan. 22, 1979.
Entered into force: Feb. 1, 1979.

Turkey
Agreement regarding the consolidation and rescheduling of payments due under PL 480 Title I agricultural commodity agreements, with annexes. Signed at Ankara Mar. 27, 1981. Entered into force Mar. 27, 1981.

United Kingdom
Arrangement relating to the employment of dependents of official government employees. Effected by exchange of notes at Washington Jan. 14 and 15, 1981. Entered into force Jan. 15, 1981.

World Health Organization
Memorandum of understanding regarding United States EPA collaboration in the international program on chemical safety. Signed at Washington and Geneva Jan. 19 and Mar. 19, 1981. Entered into force Mar. 19, 1981.

Zaire
Agreement regarding the consolidation and rescheduling of payments due under PL 480 Title I agricultural commodity agreements, with annexes. Signed at Kinshasa Mar. 10, 1981. Entered into force Mar. 10, 1981.

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[1] Not in force.
[2] Not in force for the U.S.
[3] With reservation and declarations.
[4] Chapter II not in force for the U.S. ■

April 1981

April 1
Of the $75 million in economic support funds to Nicaragua, the U.S. suspends the remaining $15 million because of that country's assistance to guerrillas in El Salvador. However, recognizing the necessity to retain U.S. influence in Nicaragua and to continue incentives for moderates there, the U.S. did not demand immediate repayment of outstanding fully disbursed loans already extended to that country and will consider a resumption of aid should the situation in Nicaragua improve.

April 2
Polish Deputy Prime Minister Mieczyslaw Jagielski visits U.S. to discuss U.S.-Polish relations and to seek economic aid for that country. The U.S. announces that it will provide food aid to Poland—30,000 tons of dried milk and 30,000 tons of butter—which will be sold below world market prices for Polish currency.

April 3
Secretary Haig makes official visit to the Middle East—Egypt, Israel, Jordan, and Saudi Arabia April 3–8. He also makes stops in Rome, Madrid, London, Paris, and Bonn April 8–11.

April 6
U.S. asks the International Court of Justice to dismiss U.S. claims against Iran for damages resulting from seizing and holding U.S. hostages. If Iran fails to live up to the agreement signed Jan. 19, in Algeria, the petition reserves the right to reinstitute proceedings.

April 8
Meeting of the Nuclear Planning Group in Bonn, NATO Defense Ministers issue a statement noting that Soviet intervention in Poland would undermine the prospects for effective arms control negotiations.

April 9
International Conference on Assistance to Refugees in Africa convenes in Geneva April 9–11. Ambassador Jeane Kirkpatrick, U.S. Permanent Representative to the U.N., heads the U.S. delegation.

April 10
Thirty-five nations, including NATO (except U.S. and Turkey) and all members of the Warsaw Pact (except Romania) sign Conventional Weapons Convention (CWC) which is primarily designed to protect civilians from incendiaries, land mines, and booby traps. The U.S. is reviewing its position on the question of signing the Convention. The Convention will remain open for signature for a full year.

April 12
U.S. launches space shuttle *Columbia*, the first such space vehicle which can be reflown.

April 14
Governments of the Western Five—Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States—issue a statement concerning the failure of the preimplementation meeting in Geneva to give effect to the U.N. plan for Namibia. They reiterate their commitment to an internationally acceptable settlement for that country.

The space shuttle *Columbia* safely lands, concluding the successful first demonstration of a new approach to extraterrestrial travel and opening a new era in space travel.

April 15
U.S. announces that Maksim Shostokovich, son of the late Soviet composer Dmitri, and his son will be admitted to this country as refugees. The two sought political asylum in West Germany on April 12.

Hans Christ, a Salvadoran national and suspect in the killing of Jose Rodolfo Viera, head of El Salvador's Agrarian Reform Institute, and two American advisers, is arrested in Miami by Federal authorities.

April 17
Prime Minister Nguza Karl-i-Bond of Zaire resigns.

April 21
U.S. announces decision to sell a new multimillion-dollar arms package, including five radar planes—AWACS (airborne warning and control system) planes—to Saudi Arabia.

April 23
Nsinga Udjuu Ongwakeb Untube, a former Interior Minister, is appointed Prime Minister of Zaire.

April 24
After 15 months, U.S. lifts ban on sale of agricultural goods and phosphates to the Soviet Union.

April 27
Poland's 15 Western creditor governments, including the U.S. Government, agree in Paris to reschedule Polish official debt payments coming due May 1–Dec. 31, 1981.

April 30
U.N. Secretary General Kurt Waldheim makes official visit to Washington, D.C. to meet with the President and the Secretary of State.

Prince Charles, heir apparent to the British throne, makes a private visit to Washington, D.C., and Norfolk, Williamsburg, and Yorktown, Va. During his visit, the Prince was guest of honor at a White House dinner and also had brief meetings with the President and Secretary of State. ■

PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
86	4/3	Haig: interview for Spanish television, Mar. 30.
87	4/6	Haig: remarks on arrival in Cairo, Apr. 4.
*88	4/9	Department of State Library dedication ceremony.
89	4/5	Haig: interview for "Great Decisions '81."
*90	4/8	U.S. Organization for the International Radio Consultative Committee (CCIR), study group 1, Apr. 23 and 24.
*91	4/8	CCIR, study group 4, Apr. 29.
*92	4/10	U.S., Poland sign textile agreement, Sept. 15, 1980, and Mar. 20, 1981.
*93	4/13	Haig, Laingen: awards ceremony for former hostages.
*94	4/14	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on subdivision, stability, and load lines, May 5.
*95	4/14	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, May 14.
96	4/16	Haig: arrival remarks, Cairo, Apr. 4.
97	4/16	Haig, Sadat: remarks from the Barrages, Cairo, Apr. 5.
98	4/16	Haig, Shamir: arrival statements, Ben Gurion Airport, Apr. 5.
*99	4/16	Haig, Begin: statements, Jerusalem, Apr. 5.
*100	4/16	Haig, Shamir: dinner toasts, Jerusalem, Apr. 5.
*101	4/16	Haig, Navon: question-and-answer session, Jerusalem, Apr. 6.
102	4/22	Haig, Begin: statements following Jerusalem meeting, Apr. 6.
*103	4/7	Haig: remarks to U.S. Embassy staff, Amman.
104	4/16	Haig: departure remarks, Amman, Apr. 7.
105	4/23	Haig: statement upon departure from Riyadh.
106	4/23	Haig: statement upon departure from Rome, Apr. 8.
*107	4/9	Haig: statement upon death of General Omar Bradley.
108	4/10	Haig: news conference, Madrid, Apr. 9.
*109	4/24	Haig: statement following meeting with British Foreign Secretary Lord Carrington, London, Apr. 10.
110	4/24	Haig: remarks following meeting with British Prime Minister Thatcher, London, Apr. 10.
111	4/24	Haig: remarks to the press, Paris, Apr. 11.
112	4/28	Haig: departure remarks, Bonn, Apr. 11.
113	4/23	U.S., Canada Consultations on Garrison Diversion Unit.
114	4/17	Haig: interview by Barrie Dunsmore, ABC-TV.
*115	4/22	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, May 28.
*116	4/22	SCC, SOLAS, working group on radiocommunications, May 7.
*117	4/22	U.S., Korea establish a specific limit on one additional textile category.
*118	4/22	U.S., Haiti amend textile agreement, Dec. 17, 1980 and Feb. 5, 1981.
*119	4/22	U.S., Malaysia sign new textile agreement, Dec. 5, 1980 and Feb. 27, 1981.
*120	4/22	U.S., Korea agree to modifications of bilateral textile agreement.
121	4/23	Haig: interview by Marvin Kalb, NBC-TV, Apr. 14.
122	4/24	Haig: speech to American Society of Newspaper Editors.
122A	4/24	Question-and-answer session following Newspaper Editors Convention speech.
*123	4/28	Haig, Luns: press briefing, White House, Apr. 16.
*124	4/28	Haig: statement before House Subcommittee on Foreign Operations.
*125	4/28	SCC, SOLAS, May 27.
*126	4/28	CCITT, study group D, Modern Working Party, May 19–20.
*127	5/1	Ambassador William E. Brock to address Conference on U.S. Trade and Investment in Africa, New Orleans, May 8.
*128	4/30	Bicentennial theater opens at the Department of State.
*129	4/30	U.S., India amend textile agreement, Apr. 22 and 23.
*130	4/30	U.S., Sri Lanka amend textile agreement, Mar. 16.

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* Not printed in the BULLETIN. ■

PUBLICATIONS

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

Security and Development Assistance, Mar. 19, 1981 (Current Policy #271).

Interview on "Meet the Press," Mar. 29, 1981 (Current Policy #264).

A New Direction in Foreign Policy, Apr. 24, 1981 (Current Policy #275).

Africa

Aid for African Refugees, Acting Director for Refugee Programs Smyser, Mar. 19, 1981 (Current Policy #268).

Background Notes on Ghana (Feb. 1981).

Background Notes on Seychelles (Mar. 1981).

Background Notes on Togo (Mar. 1981).

Background Notes on Zimbabwe (Jan. 1981).

African Refugees (GIST, Apr. 1981).

Asia

Foreign Policy Priorities in Asia, Under Secretary for Political Affairs Stoessel, Apr. 24, 1981 (Current Policy #274).

East Asia

Background Notes on Vietnam (Feb. 1981).

U.S.-China Agricultural Trade (GIST, Apr. 1981).

U.S.-China Relations (GIST, Mar. 1981).

U.S.-China Economic Relations (GIST, Mar. 1981).

U.S.-China Science and Technology Exchanges (GIST, Mar. 1981).

Economics

Global Economic Interdependence, Assistant Secretary Hinton, Apr. 8, 1981 (Current Policy #273).

1978–79 Trade of Non-NATO Europe, Japan, With Communist Countries, Jan. 16, 1981 (Special Report #78).

U.S. Export Expansion (GIST, May 1981).

Energy

Energy Security and International Preparedness, Deputy Assistant Secretary Morse, Mar. 23, 1981 (Current Policy #272).

Europe

Background Notes on Canada (Mar. 1981).

Background Notes on Liechtenstein (Mar. 1981).

Background Notes on Malta (Mar. 1981).

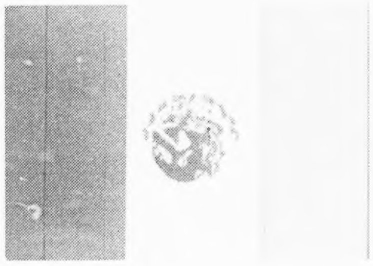
Background Notes on Portugal (Apr. 1981).

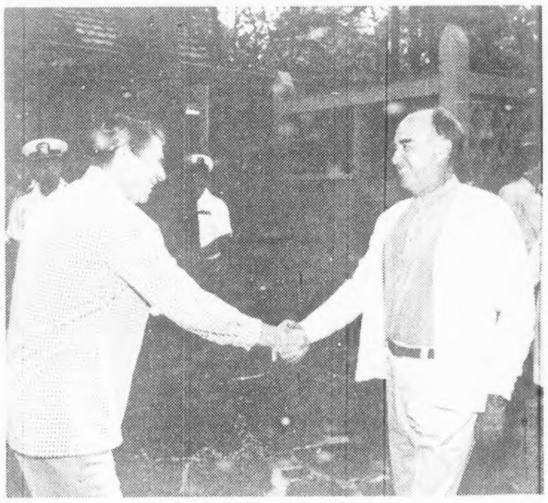
Foreign Aid

Development Assistance for the Third World, Acting Director McPherson, International Development Cooperation Agency, Mar. 19, 1981 (Current Policy #267).

Presidents Reagan and Lopez Portillo at White House Welcoming Ceremony.

The President with John Gavin, U.S. Ambassador to Mexico, and President Lopez Portillo following the afternoon's horseback ride at Camp David.





President Reagan greets President Lopez Portillo before the evening barbeque at Camp David.

Presidents Reagan and Lopez Portillo exchange toasts during the evening barbeque.

(White House photos by Michael Evans)

Visit of Mexican President Lopez Portillo

Mexican President Jose Lopez Portillo y Pacheco made an official visit to the United States June 7–9, 1981. Following are remarks made at the arrival ceremony on June 8, an exchange of luncheon toasts on May 9, and President Reagan's remarks made on the departure of President Lopez Portillo on May 9.

ARRIVAL CEREMONY, JUNE 8, 1981[1]

President Reagan

I warmly welcome President Lopez Portillo on behalf of the people of the United States. But I also want to convey my personal greetings because of my personal respect and affection. The relationship we've built as individuals is indicative of a new dimension that we are bringing to the friendship between our two countries.

Our planned meeting of 2 months ago, which I was looking forward to with great anticipation, was abruptly cancelled. And I want to thank you for the consideration you've shown in visiting us here in Washington. You've done us a great honor in your visit to the White House.

You will recall the last time we met was in the Museum of Art, part of Mexico's rich cultural past—that was in Ciudad Juarez. We were surrounded there by magnificent pieces of art, part of Mexico's rich cultural past. It was appropriate that we should meet in such a place, for art transcends time and material consideration.

The same is true of the friendship between the peoples of Mexico and the United States. In a world filled with neighbors who resort to violence, neighbors who've lost sight of the shared values and mutual interests, the goodwill between Mexico and the United States is a blossom whose beauty we meet here to cherish and protect.

God made Mexico and the United States neighbors, but it is our duty and the duty of generations yet to come to make sure that we remain friends. I welcome you today with the pledge that this Administration will sincerely and diligently strive to maintain a relationship of mutual respect and cooperation between our two nations, and the decisions which affect both sides of our border will be made only after the closest consultation between our governments.

Our very proximity is an opportunity to demonstrate to the world how two nations, talking together as equals, as partners, as friends, can solve their problems and deepen their mutual respect. You are a scholar, a man of art, and a political leader of a proud and independent nation. There are many items of importance on our agenda. I look forward to a far-reaching exchange of views that will cement the ties between us. The personal friendship we're developing must be equaled by the closeness between our two peoples.

President Lopez Portillo[2]

Under the sign of friendship which began in Ciudad Juarez, it is now for me a great pleasure to be here in the capital city of your great country. We are very sorry that we did not see you in Tijuana as we had planned. But I am very happy that we are meeting now here at the White House, and it also pleases me enormously to see that you have totally recovered from the attempt that was brought on by absurd violence. I am very happy to see that you have enormous capacity of recovery. And in your health and in your strength, I can see the good health and the strength of your nation.

There are few countries in the world that have so many items to deal with among themselves as the United States and Mexico. We are not only neighbors, we are also the representatives of two worlds. Literally and geographically speaking, we represent the north and the south along 3,000 kilometers of border. Therefore, there are structural matters between us that have been shaped by our history and our geography.

We also represent the relationship between the developing world and the world that has already been developed. And we are also immersed in a regional context that shapes our relationship.

I come here now as a friend without any prejudice to talk over these matters with you and to prove with my coming that there can be friendship among friends and that this friendship can have as its main pillar and basis the rule of reason. In an absurd world, the reasonable thing to do can be the possible thing to do. And what is reasonable is based on respect and on the law.

There are many problems that we have to deal with. We will be very happy to find our similarities. And when we do not have coinciding opinions, and it is very possible that in this world of plurality there may be times when we do not have coinciding opinions, then we will talk things over without arrogance. Arrogance is a very dangerous deviation of those who are in a weaker position. The other very dangerous aspect is submission. We will select the road of respect and the rule of reason without any submission and without any arrogance.

I believe that few times in our history has there been an opportunity for good understanding as there is today to understand each other well and to deepen and make headway in our relationship. I feel that you have great good will and a friendly feeling. I feel that you are a decent individual and an honest one. I shall make a great effort to respond to the kindnesses that you have with me.

We have established a friendship which no doubt will be both symbolic and solid. I am absolutely certain that we will be able to achieve what our two peoples and nations want of us. We want to be understood, and, in turn, we want to understand. We want to respect, and we want to be respected. We want a solid relationship that will seek out the mutual interest of two countries that are neighbors and friends. I am very certain that if we go beyond rhetoric and prejudice, we shall be able to achieve our goals. And this will be for the good of both countries.

LUNCHEON TOASTS, JUNE 9, 1981[3]

President Reagan

Some years ago when I was Governor of California, I was inspecting areas in our State which had been enormously damaged by one of those natural catastrophies that we sometimes see on the Pacific Coast—great mud slides that can sweep away a man's home in a matter of moments.

Japan

Our relationship with Japan is not only the cornerstone of our policy in Asia but one of the most close and vital relationships in our global alliance structure. As the relationship has matured, we have forged a productive partnership to deal with many of the most serious challenges of our times.

As part of our security agreement with Tokyo, we maintain a credible deterrent force in East Asia. The Japanese have undertaken an increasingly larger contribution to the costs of maintaining these forces. Together, we have worked out guidelines for joint defense planning and continue to consult extensively on defense issues.

Our economic ties are no less important. Bilateral trade between our two nations exceeded $51.5 billion in 1980. Japan is our largest market after Canada and our best customer for agricultural products, as more acreage in the United States is devoted to producing food for Japan than within Japan itself.

Our relationship with Japan is not only the cornerstone of our policy in Asia but one of the most close and vital relationships in our global alliance structure.

No relationship, no matter how solid, is without some rough spots. Our large bilateral trade deficit and the auto import question are two economic issues which both countries will need to resolve. On the trade deficit, I might note that a positive trend has emerged, which will contribute to a more balanced relationship. So far in 1981, our exports to Japan have risen dramatically – 46% since 1978 – while our imports rose by only 8% during the same period.

Our two nations are firmly linked as equal partners in a full spectrum of regional and global interests. We have welcomed the emergence of a more active Japanese foreign policy and Japanese initiatives in dealing with many different issues of global concern. In addition to its involvement in Asian and Pacific questions, Japan has demonstrated its willingness to play an active and constructive role in the Middle East, Africa, and Latin America. Japan has made a commitment to provide greater amounts of economic assistance to developing countries, accepting the responsibilities of the world's second largest economic power.

We welcome and encourage a major Japanese role in world affairs. We will look to Japan to exercise leadership in dealing with the complex challenges confronting the international community. In this regard, we welcome the visit to our country in early May of Prime Minister Suzuki as a unique opportunity to take stock of our mutual interests and to devise common strategies.

China

Our relations with China are governed by the terms of the joint communique of January 1, 1979, establishing diplomatic relations between our two countries. These ties, now over 2 years old, are firmly grounded on both sides in enlightened self-interest and mutual respect. They represent a return to an historic pattern of friendship and productive dialogue between the American and Chinese people.

We recognize that the 1 billion people of China play a very important role in the maintenance of global peace and stability. Our many interests intersect many points along the way. Our policies toward Soviet expansion and hegemonism run on parallel tracks. In Southwest Asia, particularly, we stand together in demanding Soviet withdrawal from Afghanistan and a halt to Soviet southward expansion. We each place emphasis on bolstering the security of Pakistan and other neighboring states, while seeking to improve our respective relations with India.

In our relationship with China, we will strengthen the institutional framework within which economic, cultural, scientific, and technological programs between our two peoples can reach their fullest potential. We are making great progress in this regard. As many as 100 Chinese delegations visit the United States each month. More than 70,000 Americans visited China last year. Our two-way trade reached $4.9 billion last year, doubling that in the previous year.

Equally important, our two governments have established a pattern of frequent and extremely useful consultations between our highest leaders and diplomats. We will continue the serious dialogue on international security matters which now takes place in an atmosphere of friendship and candor.

Regarding Taiwan, this Administration intends to implement faithfully the Taiwan Relations Act, the law passed by Congress which sets the parameters for our nonofficial ties on the basis of a longstanding and warm friendship with the people of Taiwan. Our conduct of this relationship with Taiwan will be responsible, respectful, realistic, and consistent with our international obligations.

Korea

This Administration's approach to our relations with South Korea offers a solid demonstration of our intention to be a reliable friend and ally there, as elsewhere in Asia. In this regard, we have moved quickly to affirm our security commitment to the Republic of Korea and to lay to rest any notion that this Administration will contemplate withdrawing U.S. forces from South Korea in the foreseeable future. Our solid support for South Korea is essential to the efforts to reduce tensions on the Korean Peninsula. President Reagan personally delivered the U.S. commitment to Korean President Chun, during the latter's visit to Washington earlier this year. President Chun's visit, just as the upcoming visit of Prime Minister Suzuki of Japan, points up our emphasis on key security relationships.

South Korea has also become a major economic partner of the United States. It was our ninth largest trading partner last year and our third largest market of agricultural products. Our trade with Korea is remarkably in balance, and our growing economic relationships strongly undergird our important security cooperation.

ASEAN

Finally, let me mention our relations with the countries comprising the Association of South East Asian Nations (ASEAN). The ASEAN group includes the countries of Thailand, Indonesia, Malaysia, Singapore, and the Philippines. Born out of economic self-interest 13 years ago, ASEAN has successfully branched out into key political areas. It has played a major role in dealing with the danger of Vietnamese hegemony in the region, including Vietnam's aggression against and occupation of Kampuchea. Our ASEAN friends know, as we know, that it is only through the Soviet Union's supply of weapons and assistance that Vietnam is able to sustain these aggressive actions. The United States firmly supports the U.N. General Assembly resolution sponsored by ASEAN which condemns Vietnamese aggression and calls for withdrawal of Vietnamese troops from Kampuchea and for an international conference under auspices of the U.N. Secretary General. Secretary Haig's planned attendance at the ASEAN conference in Manila this June will afford us a timely opportunity to consult with our Asian friends on common objectives.

Conclusion

I would like to close my remarks by expressing conviction that in the first 100 days of this Administration we have laid the solid foundations for regaining the confidence of our friends and the respect of our adversaries. This has been achieved during a series of official visits to Washington by key leaders, the recent trip to the Middle East by the Secretary, and the ongoing consultations with our European allies. We are reassuming the responsibilities of leadership. None of us minimizes the problems and the amount of work involved in attaining this objective. But we do not shrink from the challenges ahead, and I submit that, in Asia as elsewhere, the Reagan Administration has made a good start on the long road that lies ahead. ■

Global Economic Interdependence

by Deane R. Hinton

Address before the Center for International Business in Dallas on April 8, 1981. Mr. Hinton is Assistant Secretary for Economic and Business Affairs.

Probably the most important single postwar economic phenomenon has been the growth in global interdependence. Economic power—once concentrated in the United States almost to the point of dominance—is today widely diffused and widely shared. During the 1970s, the share of U.S. GNP devoted to international trade rose dramatically. Our exports and imports were about 11% of GNP in 1970 and over 22% of GNP in 1979. Before World War II they were less than 5%. Similarly the importance of trade—especially trade in oil—has rapidly increased in other OECD [Organization for Economic Cooperation and Development] countries and in the developing world.

As we all know, increasing international trade enhances economic prosperity through greater specialization and economies of scale. International competition spurs efficiency and retards inflation. Interdependence also makes cooperation essential. In an interdependent world the domestic economic policies of one country can create important benefits or pose major difficulties for its trading partners. Moreover, many economic problems, such as energy, food security, population pressure, and financial stability, are truly global in character. Only in cooperation with others can they be effectively tackled.

Let me illustrate my theme of interdependence by sketching out some of the impacts on the world economy of the substantial increase in oil prices in 1979. I will then concentrate on the five major economic challenges which we now face—stagflation, energy security, financial stability, structural adjustment, and population growth. In each of these problems the fact of interdependence is key.

Interdependence Illustrated

The more than doubling of OPEC [Organization of Petroleum Exporting Countries] oil prices in less than 15 months markedly shifted the real terms of trade between oil producers and the rest of the world. In effect, a massive new excise tax, the incidence of which depended on patterns of consumption of imported oil, was levied on the world.

The primary impact on oil importers was twofold. First, a sharp increase in energy prices that ran through the system from crude oil to alternate fuels to textiles made from feedstocks, etc. In short, a major additional inflationary shock was administered to the world economy. Second, the tax impact was a significant depressant on growth as real aggregate demand decreased in importing countries.

The oil shock was even more devastating to the poorer countries where the ability to adjust is so much less. Oil-importing developing countries suffered growth retardation and direct inflation. They suffered again when their imports of industrial and investment goods from us and other developed countries increased in price and when demand for their exports to the richer countries dropped off as growth slowed in their principal markets. Developing nations were left facing higher import prices with lower export earnings and little room for adjustment. This was bad enough, but their problems did not end there.

As the economic situation worsened in the developed countries, declining industries clamored for protection. Already facing quota restraints throughout the developed world on labor-intensive imports such as shoes and textiles, wealthier, less developed countries (LDCs) like Brazil, Mexico, India, and Korea, saw a new wave of protectionism in Europe and North America begin to extend to other industries—steel, electronics, and perhaps autos as well.

At the same time, the poorer LDCs—those with fewer possibilities of earning their way by exporting—discovered that Western governments and legislatures—trying to reduce inflation by cutting budget deficits—often saw foreign aid as a prime target. If governments did not focus on foreign aid, legislatures, including the U.S. Congress, certainly did. Thus, at a time when the developing countries most need help to increase their agricultural output and to develop alternative energy resources and thereby reduce their burgeoning import bills, the growth of policy that is open to new opportunities to build on common interests. We shall watch closely not only the rhetoric but actions to judge where new bases for cooperation are present, either to combat external threats to the region's security or to assist in resolving dangerous local disputes.

Secretary Haig is, as you know, traveling to the Middle East this week [Secretary Haig made an official visit to Egypt, Israel, Jordan, and Saudi Arabia April 3–8] to talk with valued friends about our views and to solicit their views and concerns. This will make an important contribution as the Administration elaborates its policy approach to the Middle East.

U.S. Policy

We intend to meet the Soviet challenge by developing a coherent approach to the security of the region. A central feature of this effort is the improvement of our capability to project military power worldwide to meet demonstrable threats. The President's budget request for a 17% increase in defense spending in FY 1982 gives substance and credibility to this aspect of our approach.

We are engaged in planning and consultation for an upgrading of our military presence and access in the vicinity. We have negotiated with a number of countries, such as Oman, agreements that provide us with the use of facilities under mutually agreed conditions. We will be meeting our own obligation to construct and improve facilities even as we examine carefully what additional facilities might be required.

We will be concentrating on providing to our friends in the region greater security assistance to permit them to improve their own defensive capabilities. We seek to build genuine partnerships with governments which share our concerns and desire our assistance. We recognize that the governments with which we are cooperating are, and should be, the first line of defense against threats to their security; we stand prepared, however, to provide support when required in defense of our common interests. We have, therefore, carefully balanced the limited resources available at this time with our interest in bolstering meaningful security relationships in the security assistance program for FY 1982.

We will cooperate and coordinate closely with our allies on all facets of our response to the strategic threat to the region. We have recently held high-level consultations with a number of our closest allies, both on the nature of the threat to the free world's interests in the Middle East and on appropriate and effective responses.

Even while building upon our common interest in strengthening the security of the region, we will pursue a vigorous diplomacy designed to assist in settlement of destabilizing disputes. Foremost among these is, of course, the Arab-Israeli conflict where historic progress has been achieved in the Egyptian-Israeli treaty. This achievement has given to two of our important allies and friends in the Middle East a greater degree of security and confidence today than either had enjoyed for the previous three decades.

This is a signal achievement which we continue to believe provides one cornerstone for a just and viable resolution of the longstanding Arab-Israeli conflict. We will continue to work with Israel and Egypt and our other friends in the area to build on the accomplishments of the Camp David process for resolution of the remaining aspects of this conflict. We will also support the efforts of the United Nations and Islamic conference to work toward a negotiated settlement of the Iraq-Iran war based on principles of the territorial integrity of both parties and noninterference in each other's internal affairs.

We will continue to provide economic assistance where needed and to promote closer commercial and cultural ties with governments and peoples of the region. Roughly 50% of our global economic assistance is directed to the Middle East, where Egypt and Israel are the principal recipients. At the same time, we have important commercial relations with many of the states and a common interest in a strong and stable international economic system. The financial significance of the Middle East has increased dramatically over the last decade. The West remains dependent upon petroleum supplies from area producers while they have acquired an important stake in access to Western technology and capital markets. This mutuality of interest underscores the need and basis for closer economic and financial cooperation. It also dramatizes our shared interest in the orderly movement of goods, commodities, and capital between the West and the Middle East.

With increased exchanges and closer contact comes the clear need for better knowledge of one another. We must take opportunity not only to explain our society and values but to learn about the values and concerns of the ancient but vigorous cultures of the region. Exchanges of citizens, particularly of students from the region in our colleges and universities, have an absolutely essential role to play. Not only do they acquire knowledge and skills and an acquaintance with our values, political processes, and aspirations, but they can add to our own application of a sensitivity to their hopes and dreams for the future.

Iran Claims Procedures

DEPARTMENT STATEMENT, APR. 27, 1981[1]

The Department of State has received the following information from the Government of the Islamic Republic of Iran concerning possible negotiations of claims settlements directly with the parties concerned.

With respect to claims exceeding $250,000 (U.S.), relevant Iranian organizations are prepared to start negotiations with the U.S. parties concerned. It is suggested that the negotiations be carried out in London. It is, of course, necessary that the American claimants inform, by cable, the precise but concise list of their true claims along with evidence (as the foundation of the negotiations to be carried out on the basis of goodwill) to Iranian parties directly involved, as well as to the International Legal and Financial Claims Committee, located at Bank Markazi Iran, Central Bank of Iran. The time and the program of the negotiations will be subsequently notified to the U.S. claimants by the Iranian parties or the said committee.

The Department invites U.S. claimants with claims of $250,000 or more to provide information concerning their claims to the appropriate Iranian authorities insofar as practicable by telex. The Department has urged Iran to designate representatives with authority to negotiate and conclude claims settlements as soon as possible.

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[1] Read to news correspondents by Department spokesman Dean Fischer. ■

A particularly good example of our exchange program is the international military education and training (IMET), program which is a part of our security assistance request. These training programs are among our soundest investments for the future. In many parts of the world, for a variety of historical reasons, important political leaders often emerge from military ranks. A whole generation of the brightest young military leaders from some of the countries in the region is being trained by Americans and, in most cases, in American institutions. Their association with individual Americans and an inclination to look to the United States and the West for military doctrine and orientation can pay significant dividends.

Specific Assistance Programs

Clearly, our programs of security and economic assistance constitute one major instrumentality of our policies in the Middle East. Over the past few weeks, we have set forth in some detail to the appropriate committees of the Congress the specific programs we are proposing for FY 1982.

For Israel, we are proposing a combination of programs totaling $2,185 million, of which $1.4 billion will be for foreign military sales (FMS) financing and $785 million for economic support funding (ESF). This total is the same as that authorized by the Congress for FY 1981 and, therefore, reflects the high importance we attach to Israel's military security and its economic strength in a period of budgetary stringency in the United States. Firm and consistent support for Israel has been and will remain a central element of American foreign policy. A strong, secure, and democratic Israel contributes to the realization of our overall strategic goals in the region and adds to the overall deterrent capacity of the free nations of the world.

For Egypt, we are proposing $900 million in FMS financing, of which $400 million will be in concessionary direct credits, as well as $750 million in ESF. If we include the sum of up to $313 million in PL 480 commodities, our overall assistance to Egypt will be well over $1.9 billion, the second largest bilateral assistance program in the world, exceeded only by that for Israel.

Our relationship with Egypt has become broad and deep, with important military security and strategic components. Our assistance programs will help Egypt to maintain its national security and to enhance its capacity to deter regional threats and challenges, while accelerating efforts to free up the economy, to achieve self-sustaining growth, and to improve the quality of life for Egypt's poorer people.

While smaller, our programs elsewhere in the region fit into our broad strategic approach and complement the peace process.

In Jordan, we are proposing $50 million in FMS credits and $20 million in ESF. These programs are smaller than had been the case for much of the decade of the 1970s, and take into account Jordan's improving economy and the flow of assistance from other nations. Our programs, however, recognize Jordan's importance not only to the peace process but to the broader security environment to the region. Jordan has carried on a constructive policy—of direct assistance to greater American interests—in providing training, guidance, and seconded military security personnel to key countries in the gulf region. Now, it must deal with high tensions caused by a tense relationship with its northern neighbor, Syria.

We are proposing $15 million in FMS credits and $5 million in ESF for Lebanon. These programs represent a continuation of those we began several years ago aimed at strengthening Lebanon's capacity to bring security and stability to its people, who are beset by terrible problems from within and without. Lebanon is in need of these programs not so much because of their monetary value, but rather, because they reflect our moral and political support. We are determined to help preserve and strengthen Lebanon's independence, its viability, and its national unity.

For Oman, we are proposing $40 million in FMS and $15 million in ESF. Located in a key strategic position, Oman commands the Straits of Hormuz, through which the bulk of the world's oil supply passes. Oman, thus, plays an important role in the region's security. Its sense of responsibility has been apparent

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11th Report on Sinai Support Mission

MESSAGE TO THE CONGRESS, APR. 15, 1981[1]

I am pleased to transmit herewith the Eleventh Report of the United States Sinai Support Mission. It covers the Mission's activities during the six-month period ending April 1, 1981. This report is provided in accordance with Section 4 of Public Law 94–110 of October 13, 1975.

The Sinai Support Mission was established in January 1976 to implement the United States Proposal in the September 1975 Second Sinai Disengagement Agreement to install and operate a tactical early warning system in the Sinai Peninsula. The United States continued to operate the early warning system until January 25, 1980, under the 1979 Egyptian-Israeli Peace Treaty.

Because it was not possible to gain United States Security Council agreement to assume responsibility for supervising the security arrangements called for by the Peace Treaty, the United States agreed during September 1979 talks with Egypt and Israel to monitor adherence to the Treaty's military limitations. Verification inspections, conducted by the Sinai Field Mission, began in April 1980 and will continue until April 25, 1982, the scheduled date for total Israeli withdrawal from the Sinai.

My Administration has initiated bilateral discussions with both Parties on the security arrangements to be implemented in the Sinai following Israel's final withdrawal. The United States intends to carry out its commitment to ensure the establishment and maintenance of an acceptable alternative multinational force if it proves impossible for the United Nations to support the security arrangements under the Treaty. We share the desire of both Parties to move forward expeditiously on this question. We will keep the Congress fully informed and will consult as our discussions of this matter progress.

Funding of the Sinai Support Mission for Fiscal Year 1981 is authorized under Chapter 6, Part II of the Foreign Assistance Act, "Peacekeeping Operations," at $16 million. For Fiscal Year 1982, only $10 million is being requested, a level that will fund both the Mission's operations during its final months and the projected costs of its phaseout after April 25, 1982.

Our nation has contributed substantially to the promotion of peace in this critical part of the Middle East, and the Congress can be proud of the accomplishments of the Sinai Support and Field Missions. I am counting on your continued support for this aspect of our efforts to achieve a lasting peace in the Middle East.

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 20, 1981.■

threat of proliferation of nuclear weapons. We remain convinced that the spread of nuclear explosives capability and testing of nuclear devices threatens global security and, in fact, detracts from the security of states pursuing such programs.

The issue is how best to pursue our nonproliferation interests as well as our regional security interests. We do not believe that there is any necessary conflict in the pursuit of both objectives. We certainly cannot claim that sanctions have been successful. We would suggest, rather, that our interests would be better served by addressing the underlying security concerns of countries such as Pakistan and by developing more useful and cooperative relations which could engage us with them in a positive fashion.

The proposed amendment to section 669 is an important—indeed essential—buildingblock in a new relationship. It is a necessary step which will permit us to provide assistance to this beleaguered country. But your action will also have symbolic value. Not only Pakistan, but others among our allies and friends, are looking to the United States to demonstrate its commitment to support those friends who are standing in the way of a Soviet thrust into this vital area.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Perspective of the 35th General Assembly

The 35th General Assembly opened on September 16, 1980, and concluded all but four items of its work on December 19. Discussions on Namibia, agreement on agenda and procedures for launching global negotiations on international economic issues, election of two judges to the International Court of Justice, and a vote on a proposal to enlarge the Security Council were deferred until meetings of the Assembly in 1981.

This 35th regular session of the Assembly took place in a period of increasingly international tension. Some 85,000 Soviet military continued to occupy Afghanistan. Fifty-two American diplomatic personnel were held in Iran. War between Iran and Iraq threatened the security of the Persian Gulf, and tensions among other Middle East states continued to be high. Two hundred thousand Vietnamese troops continued to occupy Kampuchea. There were increasing strains and uncertainties in East-West relations. Ever-increasing numbers of refugees worldwide presented political, economic, and humanitarian challenges. The world economy was plagued by stagflation, huge payments deficits, tension between oil producers and consumers, and increased concern about the ability of the international economic and financial system to function effectively.

Although the General Assembly addressed itself to many of these issues, it was, on the whole, a rather quiet, transitional session, maintaining a record on issues rather than taking strong new initiatives. In part, this may have been a reflection of the interaction between the U.S. presidential election and international affairs. The work of the 35th session was also affected by two emergency special sessions of the Assembly in 1980 under the "uniting for peace" procedure—one in January on the situation in Afghanistan; the other in July on the question of Palestine, and by a special session on development held in late August. In addition, the Security Council took up Middle East and southern African issues. Discussion of the situation in Namibia was postponed pending the outcome of the preimplementation meeting which took place in January 1981 in Geneva.

Afghanistan

A resolution on the situation in Afghanistan, sponsored by the Islamic nations, was adopted by an overwhelming majority which included the United States. The majority was larger than that for a similar resolution passed in January 1980 by an emergency special session of the General Assembly. This session was called after the Soviet Union had vetoed a Security Council resolution dealing with the situation in Afghanistan created by the invasion of Soviet troops in December 1979.

The resolution passed by the 35th General Assembly reaffirms the key provisions of the January resolution calling for withdrawal of foreign forces from Afghanistan; the right of the Afghan people to self-determination free from outside interventions; and a peaceful solution based on the sovereignty, territorial integrity, and the nonaligned character of Afghanistan. In addition, it suggests the appointment of a representative of the Secretary General to work toward a political solution in accordance with the provisions of the resolution. As a first step toward fulfilling the objectives of the resolution, Secretary General Kurt Waldheim appointed U.N. Under Secretary General Xavier Perez de Cuellar as his personal representative on Afghanistan in February 1981.

Kampuchea

The United States strongly supported a resolution offered by member states of the Association of South East Asian Nations (ASEAN) and approved by a large majority, calling for an early international conference to negotiate withdrawal of all foreign forces from Kampuchea and selection, under U.N. supervision, of a truly representative government by the Khmer people.

As it did the previous year, the United States supported, on a technical basis, the acceptance of the credentials of the representative of the Government of Democratic Kampuchea. The U.S. position was that the present regime in Kampuchea, led by Heng Samrin, was installed by Vietnam through its military invasion of Kampuchea and is maintained in power by a Vietnamese occupation force of 200,000 troops. The regime does not have a superior claim to the Kampuchean seat in the General Assembly; therefore, the Assembly should seat the representative of the government whose credentials were accepted by the previous General Assembly. The conclusion that the Heng Samrin regime does not represent a superior claim is supported by most of the governments of the region. Secretary of State Edmund Muskie made clear in his statement of September 15 that this position on the technical question of credentials does not imply U.S. Government recognition of the Democratic Kampuchea regime, support for it, or approval of its heinous taking of human life.

At the December 1980 conference of donor nations, the United States pledged a basic $25 million and up to an additional $20 million on a matching basis for FY 1981 for the ongoing Kampuchean relief effort.

Iran-Iraq War

The General Assembly did not act on this issue. However, the Security Council adopted a resolution on September 28, calling for both sides to cease hostilities and resolve their differences peacefully. After consultations with Security Council members Secretary General Waldheim appointed former Swedish Premier Olof Palme to serve as his personal emissary to the two governments to work on a settlement.

Middle East

The 35th General Assembly adopted, by large majorities, 12 resolutions on the question of Palestine and the situation in the Middle East in addition to the two passed during the 6-day emergency special session on the question of Palestine held, despite U.S. opposition, in July 1980. Of all these resolutions, the United States voted in favor of only one, which reaffirmed the applicability of the Geneva convention of 1949 to the territory occupied by Israel as a result of the 1967 war.

The United States voted against or abstained on the remaining resolutions for a variety of reasons. It found them unrealistic and one-sided, not taking into account the legitimate rights and concerns of both sides in the Middle East conflict. The United States found particularly disturbing a resolution questioning for the first time the adequacy of Security Council Resolution 242 as a basis for a Middle East settlement. Together with other Western nations, the United States also voted against a resolution criticizing the Camp David peace process.

Southern Africa

In explanation of its vote on agenda item 28, "Policies of Apartheid of the Government of South Africa," the United States reiterated its strong opposition to apartheid and its firm commitment to work for its eradication. However, the United States was again forced to vote against a majority of the 17 subsections of the resolution because they contained language and proposed actions which the United States could not accept. There was little attempt on the part of the sponsors of the apartheid resolution to negotiate texts which would reflect a wider consensus in opposition to apartheid which exists in the international community.

The 35th General Assembly agreed to defer discussion on Namibia until after the U.N.-sponsored preimplementation meeting in Geneva in January 1981, which all parties to the negotiations on Namibian independence would attend. The United States attended as one of the five-member Western contact group which has been working for Namibian independence since 1978. The objective of the conference was to set the date for a cease-fire in the guerrilla war as the first step in implementing a previously agreed-upon U.N. plan for elections and independence. In his remarks at the conclusion of the meeting, U.N. Under Secretary General Brian Urquhart noted that South Africa felt it would be "premature" to proceed with implementation at this time. The question of Namibia was then taken up at a meeting of the resumed General Assembly in March 1981.

Zimbabwe

On April 18,1980, Zimbabwe, formerly Southern Rhodesia, became independent and was admitted to U.N. membership on August 25. Zimbabwe's admission to the United Nations was the culmination of a long and difficult effort to establish an internationally recognized government representative of all the people of that nation. Zimbabwe's admission was also a triumph for people of that nation. Zimbabwe's admission was also a triumph for many U.N. members, particularly the United Kingdom and the front-line states of southern Africa, whose untiring efforts facilitated the signing of the Lancaster House agreements and the election of a representative government in Zimbabwe.

Western Sahara

The Assembly adopted an Algerian resolution, on which the United States abstained, calling for negotiations to settle the future of the people of Western Sahara but prejudging the outcome by declaring that they should lead to the creation of an independent Saharan state and referring to the Polisario [Popular Liberation Front for Rio de Oro and Saguia El Hamra] as "representative of the people of Western

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Namibia

The following statement was issued by the Governments of Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States on April 14, 1981.[1]

Following the regretable failure of the preimplementation meeting at Geneva to give effect to the U.N. plan for Namibia, the governments of the Western five have been engaged in extensive consultations to reassess the situation in southern Africa and prospects for a negotiated settlement for the territory. Bilateral discussions at ministerial level have taken place on several occasions over the last 2 months at which the Namibia issue was considered by the five.

The Western five remain committed to an internationally accepted settlement for Namibia and are continuing their common efforts toward this goal. A meeting of senior officials of the five will be held in London during the week of April 20 at the conclusion of consultations in Africa by the U.S. Assistant Secretary-designate for African Affairs, Mr. Chester Crocker.

The London meeting will provide an opportunity to review the results of all these consultations and consider future courses of action. The Western five hope this will assist them in the process of formulating proposals on how progress can be made toward the mutually agreed objective of early independence for Namibia.

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[1] USUN press release 19. ■

Latin America & the Caribbean

Bilateral Assistance, Acting Assistant Secretary Bushnell, Mar. 23, 1981 (Current Policy #269).

El Salvador, Under Secretary Stoessel, Mar. 19, 1981 (Current Policy #265).

Background Notes on Bermuda (Feb. 1981).

Background Notes on Haiti (Feb. 1981).

Middle East

Middle East Regional Security, Director of Politico-Military Affairs Burt, Mar. 23, 1981 (Current Policy #270).

Hostage Agreements Transmitted to Congress, Department statement (two declarations, the undertakings, and related documents) Mar. 12, 1981 (Selected Documents #19).

Background Notes on Algeria (Feb. 1981).

Background Notes on North Yemen (Dec. 1980).

Background Notes on South Yemen (Dec. 1980).

Military Affairs

U.S. Collective Defense Arrangements (seven treaties), Apr. 1981 (Special Report #81).

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Background Notes on New Zealand (Jan. 1981).

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Population Growth and Foreign Policy, Ambassador Benedick, Jan. 27, 1981 (Current Policy #263).

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FY 1982 Proposals for Security Assistance, Under Secretary Buckley Mar. 19, 1981 (Current Policy #266).

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U.N. Decade for Women (GIST, Mar. 1981). ■

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One of these belonged to an old gentleman from your country who was standing in the middle of what, before the slide, had been his living room. We were both knee-deep in mud. It must have been heartbreaking for him because his home had obviously been newly furnished. Now it was a scene of ruin. With quiet dignity and the utmost sincerity, he said: "Governor Reagan, mi casa es su casa,"—my house is your house. I was deeply moved, and I realized that I was a witness to what was purely and traditionally Hispanic—personal pride and courage in the face of adversity.

Today, the entire nation is happy to have you with us here in the White House, and since this house belongs to all of them, may I say on behalf of my fellow citizens, mi casa es su casa. [Applause]

From the moment of our meeting on the Friendship Bridge at Ciudad Juarez last January, I was certain that we would make our relationship more than symbolic, not only because our peoples expect certain cordiality between their leaders but because the leader of the Mexican people exemplifies so well the proud culture and heritage of his people.

When you took that highly symbolic step across the boundary to grasp my hand, I knew that our future relationship would be that of personal friends. Your concern and good wishes during my period of hospitalization were deeply appreciated. The Vice President told me of your concern for my health and of your most generous offer to travel to Washington for this meeting even though protocol called for me to visit you.

At your first meeting, you gave me a splendid example of your own artistry, drawings of horses etched on glass, drawn by you that are now proudly displayed behind my desk in the Oval Office, and I value greatly the volumes on beautiful art of your country. But it would be difficult to match the gift that arrived at our ranch shortly before my inauguration—El Alamino, a magnificent horse, your personal mount. That was more than friendship, you took me into your family. [Laughter]

But I remember, too, that you presented me with a bound volume of a book that you wrote on Quetzalcoatl. It has much to say about your people. It also says much about the man who leads them today. I found especially relevant to your land the words of Quetzalcoatl to his new-born son: "You are made with the fibers of joy and sorrow, of laughter and tears. You are at the edge of all the possibilities and soon you will have the strength to choose. You will be the course and the measure of the richness and the misery. You will be the eagle and the serpent. With your pain, you will maintain the conscience of the universe, with your laughter, the dignity of Man."

Later in the book, Quetzalcoatl, perplexed by the problems of governing, said something we can both relate to: "Despite its regularity, this world is a confused sphere of arbitrary things."

The art of politics is sometimes frustrating, but there are other times of confidence and optimism and your visit has been such a time. I listened very carefully to you in our meetings, noting the content and the spirit with which you spoke. Your presence inspires confidence that we can calm any of the tensions that inevitably arise between two such close neighbors. During your election campaign in 1976, you traveled through all 31 of Mexico's states, spreading new hope. The message you brought to the Mexican people is something that can serve as a cornerstone for our relationship as well. If problems arise between us, we must always remember we are the solution. There is nothing that with mutual respect and honest communication we cannot work out together.

(White House photo by Mary Ann Fackelman)

The President and guests are entertained by the Army Strolling Strings during a White House luncheon.

I look forward to our next meeting in Cancun, Mexico, in October. In saluting you today, I thank you for your generosity, but more, I thank you for the continued good will between our two peoples that your visit represents. And so I ask all of you to join me in a toast to Jose Lopez Portillo, the President of Mexico.

President Lopez Portillo[2]

I must confess that I am moved. I must confess that I have spoken before an auditorium in this same place three times before, and I have never been so moved as I feel today. It is true that I had always been sincere but also cautious. I had always spoken frankly, but I have always measured the weight of each one of my words because the relationship, for some reason or another, had always been a tense one. A relationship between neighbors that are so different are always difficult. It is difficult for the one side and for the other. But I confess for the first time now I have felt totally relaxed. For the first time a President of the United States has used with me that very generous formula of "my home is your home." [Applause] And for we who understand the greatness and dignity that are behind that expression, what I have heard from the President today has deeply moved me. As I can understand very well that he felt deeply moved also when he heard that old man who had no roof over his head and who was offering him his home, because a home is the environment of respect for the intimacy of the human being. And when one gives one's intimacy in friendship, it is that that he is giving.

We understand this to be so, and we thank you for this. But I must also say that it has not only been the external behavior but also the substantive part of our relationship that has always been generous, kind, and affectionate.

If all the powerful people in the world were to truly understand what respect means to the weak people, the world would totally change. It is not only to give, not only to help; the most important thing of all is to respect. He who gives without respect is usually offensive. Very frequently I am reminded and I remind others that the first civic expression that we learn as children is, the one that was said by one of our great men and presidents, the counterpart, so to speak, of Abraham Lincoln. He said: "Respect for the rights of others is peace." The first word that we Mexicans learn in our civic behavior is the word "respect." And this is the way which we have been treated. We have been treated with respect and with friendship, and these are basic qualities to us.

On that basis, everything can be built. One can coincide, one can be sent, human beings are made in many and various different ways and shapes. And in our plurality, we should learn to coexist and to tolerate one another. Tolerance in itself is respect. And when a human relationship is built on respect, it is indestructable. We have spoken about many things. Fortunately, we have agreed on most of them. We have dissented on some. But with the greatest respect we have agreed to talk about the matters on which we dissent in order to find appropriate solutions.

Intolerance has not come to cancel out opportunity, and that is very important for a good relationship between countries such as ours. It is important because it is a representative sample of what is happening in the world—the relationship between the countries that have been able to develop and the developing nations. And in a geographical analogy, we could say that this is an expression of the North-South relationship. We are the most significant relationship between the North and the South. That is why I have felt so happy and so grateful that you have accepted our invitation to come to Cancun; because we do not only have concepts in mind, but we have direct experiences and reciprocal experiences. I am very certain that the special characteristics of our relationship—North-South relationship, that is, United States-Mexico—can be taken to generalization and that it will be useful, that it can be useful, and this is what we fervently wish—it can be useful for the rest of mankind.

We want appropriate communications so that political will can be expressed. And political will has been expressed here and now today in the United States as regards to Mexico and with reference to Mexico as regards to the United States with an environment of good will, peace, respect, and consideration for each other.

I believe that in Cancun we can be a stimulating example to help and participate in the detente of this world which is so complex and at times so absurd, because if the disasters brought on by nature that creates all these thing for human beings are absurd in themselves—these disasters that leave old men without a roof over their heads but still with their dignity, nature, in that case, as nature has its own strength and will, cannot be controlled by us. But there is something that leaves man without a roof over his head and which is not nature, and I'm talking about passions, ambition, intolerance, violence—vices all of human will. And it is up to the will of the human being to correct these mistakes. Perhaps we can do nothing against nature, but we can do a great deal with our will if we're talking about good will, and I do believe that good will is possible. And I believe that in Cancun, we shall have the opportunity to say that it is possible and to confirm that we're speaking the truth.

I would hope that we will know how to lay bridges that will make it possible for all men and women in the world to say to each other: "My friends, this is your home." To the health of President Reagan and his beautiful wife; to the friendship of Mexico and the United States; to your health.

PRESIDENT REAGAN, JUNE 9,1981[4]

I just want to express my appreciation for President Lopez Portillo's changing his schedule and coming to Washington to accommodate us. The talks that we've had were frank, they were valuable, and they led to a closer relationship between our two countries. In addition to that, I'm very proud, personally, to say that we have a warm and a close personal relationship between the two of us.

Our frank agreement or discussion revealed basic agreement on the need to strengthen the economies of the less-developed nations, to bring about social and economic development of their peoples. We agreed that this was the best way to assure the region's future stability, and we'll be exchanging ideas on how best to bring about such development. We agreed that the special nature of our relations required a special framework for doing business. We decided to form a bilateral foreign secretary's commission to assure integrated handling of matters of common concern. It will be cochaired by Secretary Haig and Secretary Castaneda. They will submit a report by December 31, 1981.

Because trade problems are essentially and especially urgent, we also decided to set up immediately a Cabinet-level trade committee to recommend how to go about dealing with outstanding bilateral trade questions. The committee will be cochaired by the Mexican and United States Secretaries of Commerce and the U.S. Trade Representative. The committee will begin work as soon as possible.

We also agreed to address outstanding fisheries problems on a similar urgent basis. An important agreement providing for supply of substantial quantities of U.S. grain to Mexico during 1982 was signed by Secretary Block for the United States and Secretary de la Vega for Mexico. Attorney General Smith briefed the Mexican party in detail on the various options we're now considering to deal with the undocumented migrant problem. And I assured the President that the United foreign assistance has slowed. Less aid means reduced opportunities for the developing countries to earn their way. In turn our exports–increasingly important for our economic health since today one out of six U.S. jobs is export related–face slowing demand in what recently has been our fastest growing export market, the developing country market. Moreover, these examples are only some of the perverse effects flowing from the oil shock on the stability of the world trade and financial system.

What policy conclusions should we draw from these developments? As I see it, the oil shock heightens the criticality of dealing with five major world-level economic challenges, each of which would have existed anyway but generally in less acute form. In each case the challenge is rooted in interdependence. In each case I believe the key to rational responses is closer international cooperation. These five challenges are:

First, to fight the new phenomenon of stagflation, the industrial countries need to employ a combination of demand-restraint and supply-side measures to improve productivity, bring down inflation, and restore growth. The markets for foreign exchange and traded goods transmit economic effects from one economy to another. Compatibility among national economic policies–achieved through close cooperation–is thus essential.

Second, the constraints on world economic growth imposed by rising oil prices and limited supplies of energy must be loosened. To do this will require national and cooperative international policies to increase energy availability and reduce energy demand.

Third, increased interdependence has generated an enormous expansion in the volume of international financial transactions. While the private markets thus far have been able to handle the bulk of this financing, governments must work to strengthen the Bretton Woods institutions which mobilize resources and help maintain confidence. Otherwise the so-called recycling problem could imperil the functioning of an increasingly fragile world financial system.

Fourth, difficult structural adjustments are necessary because of changing international patterns of specialization. Protectionist policies, if widely adopted, would severely damage the open trading system that contributed so importantly to historically unparalleled growth in the 1950s and 1960s. Structural adjustment and adherence to free-market principles–in cooperation with partners who also adjust and keep their markets open–should facilitate increased prosperity in the future.

Fifth, world population is growing at about 1.7% per annum, but it is growing unevenly. While the developed countries have near-zero growth, the developing regions show rates of 2–3%, and thus anticipate a doubling of their populations in the next 25–35 years. It is no coincidence that El Salvador, the country with the highest population density in Latin America, is beset by revolutionary conflict. If potential population explosions are not contained, we and our children will live in a world of countless El Salvadors.

Fighting Stagflation

It has been said that if you examine disaster reports, economic or otherwise, there are almost always two factors at work–bad judgment and bad luck. Regardless of how the current economic situation developed, the new Administration took office facing, as President Reagan put it, "the worst economic mess since the Great Depression." Our recent economic experience has been a dreary concatenation of sluggish growth, high unemployment, persistent inflation, unstable financial markets with widely fluctuating interest rates, acute distress in several key industries, and declining productivity.

The Administration is attempting to reinvigorate the economy with a far-reaching program of monetary and fiscal restraint and policies intended to release the inherent vigor of the private sector. The President's program would stimulate growth by cutting government spending and using tax cuts to induce private sector saving and productive investment. Reducing the role of government in capital markets and the burden of government regulation should further improve the possibilities for private investment. While other governments may apply a different mix of policies, depending on the structure of their economies and the tools available, the objectives we all share are more savings and real investment, a better balance between growth and inflation, and a revival of productivity growth.

As we go forward, we and our partners need to keep in mind both the positive and negative effects of interdependence. Early in the last decade, the simultaneous and sustained growth of the developed economies created severe supply bottlenecks, leading to some skyrocketing commodity prices. After a cooling-off period, in 1977–78 the United States got out in front in economic expansion thereby providing growth stimulus and an excellent export market for our trading partners. Our trade deficit surged to almost $29 billion (f.o.b. basis) in 1978. Then as expansion picked up in Europe, we earned a large bilateral surplus, which helps to offset our continuing deficits with Japan.

Currently, a number of our European friends–whose exchange rates are under some pressure from a relatively strong dollar–are nervous about the high level of U.S. interest rates. They could offset this by hiking their own rates, but in many cases, with their economies already suffering from high unemployment, they are reluctant to move monetary policy in a depressive direction.

As we have noted, interdependence does not just work one way–from the United States to others. Nor does this dynamic interplay among economies mean that countries should follow indentical economic strategies. What it does mean is that our respective economic policymakers should remain in close consultation. The process of continuous exchanges of view by telephone across the Atlantic and Pacific and to Ottawa between central bank, treasury, and finance ministry officials; in Paris at the Organization for Economic Cooperation and Development; at the International Monetary Fund; and at the regularly scheduled summits of the industrialized democracies (President Reagan will attend the Ottawa summit in July), helps coordinate the economic policies of the major countries and assures that key policymakers are aware of the likely consequences of their actions on their partners.

Energy Security

As I noted earlier, OPEC price policy can have a devastating effect on world economic balance. Even worse, our undue physical dependence on oil from the Middle East poses dangers for peace and Western political freedom of action. We, the Europeans, and the Japanese are not invulnerable to political blackmail. Recently we have seen how political disruption, revolution, and war in the Persian Gulf can threaten Western energy supplies. Clearly international systems of adjustment and emergency preparedness need to be strengthened and improved. Viewing these vulnerabilities, Secretary Haig told the Senate Foreign Relations Committee that the industrial democracies "have not yet built an effective program for dealing with the energy crisis."

For the United States, protection against unforeseen crude oil shortfalls must begin with an effective strategic petroleum reserve (SPR). We anticipate that the SPR would be used in response to a major oil supply interruption and in the framework of a coordinated international response.

But the SPR is not an all-purpose instrument. It is not a price stabilization mechanism or a buffer stock to be used to intervene in markets. Distribution problems caused by small-scale, regional, or short-lived supply interruptions should be solved by the market using private stocks, demand restraint, and fuel switching.

Building an effective SPR is important, but energy security is a global problem. U.S. demand restraint, stock drawdown, and fuel switching during a crisis will not moderate oil price increases or relieve physical scarcity unless other consuming nations take similar action. The West already has in place the emergency oil allocation system of the International Energy Agency (IEA) designed to counter a catastrophic shortfall – over 7% of combined IEA oil imports.

But what should we do to meet smaller and more likely crude shortfalls, say on the order of 2–4% that, as occurred during the Iranian revolution, also have the potential to lead to sharp price hikes? One answer may lie in the collective IEA response to the oil supply disruption caused by the Iran-Iraq conflict. In that case, IEA members agreed to informal cooperative measures to draw down stocks, restrain demand, and share available supplies. We can build on this and earlier experiences to fashion contingency measures for less than catastrophic crude supply interruptions. Such measures can help to stabilize and calm oil markets and prevent unjustified (and long-lasting) crude oil price increases.

IEA members are reviewing stock management and consultation policies to see whether improvements can be made. For example, it might be advantageous if all IEA nations increased private stock levels beyond the current required minimum of 90 days of imports. Yet, the use of public and private stocks is a limited weapon against supply disruptions of long duration. Coordinated efforts to restrain demand are also indispensable. IEA members should examine the possible use of domestic policy measures such as disruption fees or taxes and other market-based restraint measures which could contribute to a cooperative effort.

We have, however, too long concentrated on demand-side responses to disruptions. The supply side offers promising opportunities as well. Surge capacity for petroleum and natural gas and expanded storage for such fuels as natural gas would improve energy security. Long-term efforts to develop new sources of conventional and nonconventional energy at home and abroad are essential.

Here the record is good and improving. U.S. energy production is up; coal output quite substantially. Price decontrol will stimulate marginal oil and gas development and justify more use of secondary and tertiary recovery techniques. Accelerated leasing of Federal lands will also provide scope for significant production increases. Investment in synthetic-fuel technologies is increasing and some exciting concepts are being explored. We need to accelerate the development of nuclear energy by streamlining licensing procedures, by creating a climate of political support for nuclear energy, and by fostering appropriate marginal cost pricing for electricity. We also need to reduce rapidly all supply-side constraints – for example, port and rail congestion – on coal utilization.

Even a cursory review of efforts to enhance conventional energy supplies cannot ignore the international investment environment. The sad fact is that some of the most promising conventional energy sources are not being developed as they should be.

Elsewhere, as in our neighbor to the north, discriminatory investment policies, which favor domestic over foreign companies, risk reducing substantially the optimal development of energy capacity. We need to remind others that foreign companies do not foster economic dependency. Rather, capital willing to bear the risks of exploration and development, regardless of its national origin, must be harnessed for the well-being of all concerned. Unfortunately, in many developing countries political considerations stressing local control of resource development have precluded investment by foreign companies which have the necessary expertise and capital. We need to examine ways to overcome such political barriers, perhaps by fostering the mutually advantageous cooperation of oil companies, national governments, private banks, and multilateral lending institutions. In Washington we are examining whether proposals such as increasing the already large World Bank energy development program make sense.

We need also to recognize the impediment to energy resource development, especially in developing countries, which results from incompatibilities between fiscal regimes here and abroad. Creative ideas to reconcile differences in granting tax credits must be developed.

We have a long road ahead. The risks of another oil shock are real. Together with industry and our Western partners, however, we can design an international energy policy that is resilient and effective and build the framework of energy security that is needed to insure sustained economic growth at home and abroad.

Financial Stability

The 1979–80 oil price increase as in 1973–74 presented the world with an enormous balance-of-payments problem. But this time the starting situation – judged in terms of the overall LDC debt position and developed-country bank asset-liability ratios – is not nearly so good. The total OECD current-account balance swung from a 1978 surplus of $9 billion to a 1980 deficit of about $74 billion. The LDC current account shifted from a $30.5-billion deficit to a $62-billion deficit in 1980. OPEC's current account switched from a $5 billion surplus in 1978 to a $120 billion surplus in 1980. Balance-of-payments adjustments required by this second oil shock are likely to be slower than in the 1970s, especially for developing countries whose growth and development goals are increasingly jeopardized.

The major industrial countries should be able to cope without excessive difficulty. The largest deficits in 1980 were in Germany and Japan, $13 and $17 billion respectively. These countries will be able to finance their deficits, but the side effects could be serious – slower growth along with intensified export competition to reduce the deficits. These circumstances exacerbate protectionist tendencies everywhere.

The financing problems of the non-oil developing countries are more difficult. Their collective current-account deficit roughly doubled from 1978 to in its agreement with us on facilities access rights. Our FMS credits will help give Omani military forces additional flexibility and defensive strength. Economic assistance will be carried out through the mechanism of a joint commission that will identify areas of cooperation in economic development.

Our other program in the gulf is a relatively small economic development and military assistance program in the Yemen Arab Republic. For FY 1982 we have proposed $21.1 million in development assistance and $15 million in FMS, of which $10 million would be in concessionary direct credits. Like Oman, Yemen occupies a geographically strategic position, bordering Saudi Arabia and South Yemen which, as a Soviet client state, has chronically threatened the integrity and stability of North Yemen. We are contributing to the country's ability to cope with military threats and subversion, while also improving the conditions of life in one of the most underdeveloped areas of the world.

We are requesting $6 million for programs in the West Bank and Gaza, which are administered by U.S. private voluntary organizations, as well as $4 million for activities to promote regional cooperation involving Israel and other states. These programs, while modest in size, can make significant contributions to the overall peace process.

These are the essential elements of the strategy we will be pursuing to serve important U.S. interests in the Middle East. They provide the context in which our programs of security and economic assistance should be viewed.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Arms Sales to Morocco; Western Saharan Conflict

by Morris Draper

Statement before Subcommittees on African and International Security Affairs of the House Foreign Affairs Committee on March 25, 1981. Mr. Draper is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.[1]

I am pleased to appear before you to review recent and impending arms sales to Morocco, among other issues. I would like to put these sales issues into the context of our overall policy approach to North Africa, with particular reference to the states of Morocco, Tunisia, Algeria, and Mauritania, as well as the conflict in the Western Sahara region. In the most general sense, we have welcomed the emergence—or in some cases, the reemergence—of these countries on the world stage, after having struggled for their independence in the relatively recent past. They are proud of their accomplishments since then. They have earned our respect.

The United States wants good, friendly relations with all these North African states on the basis of mutual respect and, whenever possible, shared interests and concerns. However, relations with another North African country—Libya—cannot improve as long as Libya follows policies in support of international terrorism and interferes in the internal affairs of independent states.

Morocco

Morocco is important to broad U.S. interests and occupies a pivotal strategic area. We intend to maintain and reinforce our historically close relationship with reliability and consistency as our watchwords. Morocco has shared and has agreed with many of our foreign policy priorities and objectives. Like the United States, Morocco has been concerned over the challenges posed by the Soviets and their surrogates and client states. Morocco strongly opposed and criticized the Soviet invasion of Afghanistan; it voted for U.N. condemnation of the Soviet actions and sponsored similarly condemnatory resolutions at the Islamic summit conference. Morocco has been a responsible neighbor to many states in Africa. It sent troops to Zaire on two occasions to help that country deal with subversion generated by outsiders. Until 1963 Morocco was the home for American strategic bases. An American naval facility operated in Morocco up to 1978 when it was finally closed, at our initiative. Morocco has consistently welcomed visits by American naval warships, including those which are nuclear powered.

While Morocco has been part of the Arab consensus critical of the Egyptian-Israeli peace treaty and the Camp David accords, on the whole, it has been a voice of reason and pragmatism in the world's councils, advising pragmatic policies as regards the Middle East and decrying sterile negativism.

For these reasons, and others, we intend to carry on a relationship that assures Morocco that it will be able to count on us as a steadfast and reliable friend.

Algeria

Algeria is an important country. We carry on a great deal of trade and obtain much of our energy requirements there. Algeria has great influence in international forums. It wields influence far beyond what its wealth, its population, and its political power ordinarily would warrant because it is consistently well-prepared to make its mark on key North-South issues. It makes effective use of its revolutionary credentials, and it steers a course which avoids becoming beholden to any single state.

It is important that we nurture an improved relationship with the increasingly pragmatic Algerian leadership. Their policies are in an interesting and evolving stage. Algeria also has undertaken important international responsibilities, as witness its professional and balanced efforts to bring about the release of the American hostages from Iran. Algerian officials, in this instance, displayed dedication, discretion, and resourcefulness. It is interesting that Algeria has sought no explicit reward or expression of gratitude from us for its important efforts. It would be shortsighted of the United States not to try to expand the improving and mutually beneficial relations which have been developing between our two countries in the recent past.

Tunisia

Like Morocco, the friendly country of Tunisia has had a close relationship with the United States since gaining its independence. We have admired the determination of Tunisian leaders to accelerate the country's economic and social development. Tunisia, in many respects, has been a model for constructive progress. The United States is determined to assist Tunisia in resisting efforts from the outside to undermine its independence and integrity. Our two countries should grow closer.

Mauritania

Mauritania is a poor and undeveloped country striving to work out its national destiny in a bicultural society. Mauritania has struggled throughout its existence as an independent state to improve the lot of its citizens. A few days ago, an effort was made to overthrow the government. As we made clear in the aftermath of that unsuccessful coup attempt, we strongly support Mauritania's independence and territorial integrity.

The Western Saharan Conflict

The single most serious issue which complicates the interrelationships of these key North African states is the struggle over the future of the Western Saharan region. Our friends there remain deeply divided. Let me make clear American policy attitudes toward that important issue.

First, we hope that an early, peaceful, negotiated end to the conflict can be achieved. The struggle is a drain on human and economic resources. It could be the tinderbox for wider conflict in the region. It is a potential cause of greater instability and higher tensions in North Africa. As long as the struggle continues and remains unresolved, it will interfere with the proper development of cordial relations between Algeria and Morocco.

- The United States is neutral as regards the final status of the Western Saharan territory.
- A military solution to this conflict is neither possible nor desirable. No side can win a clearcut victory in military terms.
- Whatever the immediate future, the United States will support all serious efforts aimed at a genuine negotiating process that can lead to an early peaceful settlement of the conflict. We, therefore, support the efforts of the Organization of African Unity (OAU) to bring about a settlement based on a cease-fire and further expression of the wishes of the inhabitants of this region.
- In principle, the United States supports an exercise to determine the wishes of the inhabitants of the Western Sahara. There are, however, many instances in history when exercises in self-determination have led to results other than the establishment of fully independent states. The history of Puerto Rico is instructive in this regard.

U.S. Attitude Toward Moroccan Arms Requests

The United States, as in the past, will look at all arms requests from its friend, Morocco, on a case-by-case basis. In our decisions, we will take into account all relevant factors, including conditions in the area, the arms balance in the region, the legitimate defensive needs of Morocco, Morocco's capacities to pay for and absorb such equipment, and the state of our dialogue on key issues. There will be nothing unusual about this approach. It will be the same for other friends.

It is, however, the prevailing view of this Administration that America's allies and close associates should expect understanding and reliable support. It would not be in the spirit of this Administration's policy if support for America's traditional and historic friends—to meet reasonable and legitimate needs—were withheld or made conditional, other than under extraordinary circumstances—our military assistance is, of course, subject to certain basic conditions laid down in legislation.

We will continue to encourage Morocco to find and to explore ways toward a peaceful, negotiated settlement of the Western Saharan conflict. We will not, however, make decisions on military equipment sales explicitly conditional on unilateral Moroccan attempts to show progress toward a peaceful negotiated settlement. This position recognizes the reality that there are players other than Morocco in the Western Saharan conflict with a capacity to influence the outcome.

To the degree that Morocco has confidence in American policies, to that same degree will our counsel be valued not only on approaches to the Western Sahara issue but on other regional and global issues as well. This position is consistent with our behavior toward other traditional and historic friends of the United States.

M-60 Tank Request. Over 7 months ago, Morocco asked to buy 108 M-60 main battle tanks. Secretary Haig approved this sale and authorized informal and formal notifications to the Congress. This sale is a reasonabale response to Morocco's legitimate defensive needs. It fits in logically with Morocco's multiyear modernization program antedating the fighting in the Western Sahara. The M-60s will not be ready for delivery to Morocco for 3 years, by which time we hope the

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Sale of AWACS to Saudi Arabia

DEPARTMENT STATEMENT, APR. 23, 1981[1]

Sale of AWACS [airborne warning and control systems] to Saudi Arabia would not constitute a realistic threat to Israel. The reasons for this are:

- AWACS would be used primarily to protect Saudi oil fields;
- AWACS essentially is a flying radar platform which can detect and follow movement of airborne aircraft; it cannot detect militarily significant ground activity, and it will have no radio monitoring, photoreconaissance, or intelligence gathering capabilities;
- It could not be used with the combat aircraft of other countries without extensive joint training and U.S.-supplied computer and communications equipment;
- Saudi AWACS operations will depend on U.S. spare parts, maintenance, and support of operations; and
- An AWACS aircraft flying close enough to Israel to monitor its aircraft would be vulnerable to being shot down by Israeli fighter aircraft.

Obviously, prudent Israeli planners would have to take a Saudi AWACS into account in their calculations. But the overwhelming impact of the sale will be to enhance Saudi defensive capabilities—not to threaten Israel.

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[1] Read to news correspondents by Department spokesman Dean Fischer. ■

Sahara." The United States, in its statement to the committee, explained that it is neutral on the eventual status of the territory which can be decided only after due consultation with the people of the territory. It voted for a Moroccan resolution in which Morocco pledged to cooperate with the Organization for African Unity in settling the issue.

Cyprus

Intercommunal talks for a settlement of the Cyprus dispute recommenced under U.N. sponsorship in September 1980 in Nicosia. The Assembly decided to postpone the Cyprus debate until the 36th General Assembly.

Disarmament and Arms Control

Of the 44 resolutions adopted by the General Assembly in the field of arms control and disarmament, the most noteworthy—on allegations of chemical weapons use—was also the most controversial. Cosponsored by eight Western nations and strongly supported by the United States, the resolution called for an investigation, under the aegis of the U.N. Secretary General, of reports of chemical weapons use in recent conflicts.

Although no countries are mentioned by name in the resolution, it reflects the concern of the United States and other nations about reports that lethal and incapacitating chemical weapons have been used by Communist forces in Afghanistan and Southeast Asia. Significantly, this is the first time the international community has endorsed action to deal with a problem which threatens the viability of an important international agreement (the 1925 Geneva protocol).

Other resolutions adopted urged the United States and the U.S.S.R. to ratify SALT II and begin additional negotiations on limiting strategic nuclear weapons, approved in principle the implementation of a U.N. study on conventional weapons disarmament, and provided for the establishment of preparatory committees for the 1982 second General Assembly special session on disarmament and the 1983 U.N. Conference on the Peaceful Uses of Nuclear Energy.

An Indian Ocean as a zone of peace resolution was adopted by consensus for the first time. This resolution leaves to the ad hoc committee on the Indian Ocean to decide at its 1981 meetings whether to hold an Indian Ocean conference later in 1981. The resolution, while by no means perfect from the U.S. point of view, allows a shift of focus away from naval forces alone and provides a basis for continuing discussions on the fundamental security problems facing the Indian Ocean region.

The session continued a trend which saw the nonaligned and other nations of the world increasingly anxious to see some concrete results from the superpowers on such issues as nuclear arms control, the comprehensive test ban, and the prohibition of chemical weapons and, at least, to begin multilateral negotiations on these issues.

Refugees

The humanitarian, financial, and political pressures created by 3.5 million African, over 1 million Afghan, 255,000 Indochinese refugees, and the exodus of 150,000 Cubans and Haitians to the United States focused world attention on the problems of refugees. In his opening speech to the meeting of the U.N. Economic and Social Council in July 1980, Ambassador Donald F. McHenry, U.S. Permanent Representative to the United Nations, called for a better management of this "worldwide crisis" and a reformulation of international attitudes on refugees.

At the General Assembly, the United States supported a resolution that endorsed the work of the United Nations High Commissioner for Refugees (UNHCR), noted the High Commissioner's efforts to contribute to the improvement of coordination among U.N. agencies and other relevant international organizations, called upon the international community to share the burden of assisting refugees and displaced persons, and authorized the UNHCR to allocate up to $10 million annually for refugees and displaced persons in emergency situations.

The United States cosponsored a Federal Republic of Germany resolution that called for governments to focus on the political origins of refugee flows and the means to avert them and called on member states to submit to the Secretary General their comments and recommendations on ways and means to improve international cooperation to avert new flows of refugees; the resolution was adopted by a large margin. A U.S.-supported resolution calling for an International Conference on Assistance to Refugees in Africa to be held in Geneva, April 9 and 10, 1981, was approved. A Canadian resolution, adopted by consensus, established flagrant violations of human rights as a cause for massive flows of refugees.

The United States pledged $75.7 million for the first 9 months of 1981 for the programs of the UNHCR and expects to contribute $16.5 million for the final quarter of the year.

Human Rights

The General Assembly adopted some 35 resolutions, a good number of which consolidated earlier human rights advances. There was progress on such matters as redesignation of the U.N. Human Rights Division to the status of a Center, safeguards against summary executions, and reinforcement for the Human Rights Commission's working group on disappearances. A resolution welcomed Sri Lanka's offer to host a seminar on human rights in Asia in 1981.

The General Assembly also adopted three resolutions concerning human rights situations in specific Latin American nations. The United States supported a resolution on Bolivia and another accepting the latest report on the human rights situation in Chile. Although it shares the concern of other nations over the level of violence and violations of human rights occurring daily in El Salvador, the United States abstained on a resolution on El Salvador which it found unbalanced and unhelpful in ending the violence.

Women's Issues

The U.N.-sponsored mid-Decade World Conference on Women, which took place in Copenhagen in July 1980, completed a program of action for the second half of the Decade for Women. The program was adopted by an overwhelming majority which the United States could not join because of objectionable language which grouped Zionism with racism, colonialism, and neocolonialism and directed that assistance for Palestinian refugees be provided in consultation with the Palestine Liberation Organization as the representative of the Palestinian people. The program was again voted on as a resolution at the 35th General Assembly and again the United States voted against it.

However, the United States pledged its support and participation in national and international endeavors aimed at fulfilling the conference in 1976. The United States supported other resolutions concerning the International

Research and Training Institute for the Advancement of Women, assistance for female refugees, and the voluntary fund.

Protection of Diplomats

In the wake of the hostage situation, the Nordic nations offered a resolution, passed by consensus, which urges states to insure, in conformity with their international obligations, the protection and safety of diplomatic and consular missions; calls on states to consider becoming parties to relevant conventions; invites states to report to the Secretary General serious violations of the protection, security, and safety of diplomatic missions; requests the Secretary General to work with member nations on additional protective measures; and asks the Secretary General to report on this subject to the next General Assembly. While the resolution is not as strong as the United States would have liked, it is an important reaffirmation of the need to protect diplomatic envoys and a further step in international efforts against terrorism.

Development

The 34th session of the General Assembly inaugurated a period of intense activity on economic and development issues, leading to a special session of the General Assembly on development in August 1980. The main purpose of the special session was to reach agreement on procedures and agenda for a round of global negotiations on such international economic issues as trade, development, energy, and money and finance, to be launched in January 1981. Agreement could not be reached at the special session, and discussions were continued at the 35th General Assembly in a small negotiating group headed by the U.N. General Assembly President. Considerable ground was covered in narrowing differences, but substantial differences still remain before global negotiations can be launched.

The Group of 77 (representing 121 developing nations) insisted on inclusion of items calling for the reform of the international monetary system and financial institutions but was unwilling to agree on a serious discussion of energy pricing and supply issues on which the European Economic Community was insisting. The United States, although supporting the European Community's objectives on energy, remained primarily concerned with obtaining an acceptable text on monetary issues. A greater degree of agreement was reached on a text on procedures, but there was still concern that this text did not adequately protect the decisionmaking authority of such specialized international agencies as the World Bank and the International Monetary Fund.

At the resumed General Assembly session in January, the decision was made to authorize General Assembly President Rudiger von Wechmar (Federal Republic of Germany) to continue to pursue work on this issue with a view to resuming formal negotiations later this year.

International Development Strategy

The international development strategy, a document outlining programs and goals for economic development during the Third United Nations Development Decade, was agreed upon at the special session on development in August 1980 and adopted by consensus at the General Assembly. The United States endorsed the strategy but, along with most other developed countries, expressed reservations on many points covered in the document. These included the establishment of fixed growth and aid targets, a process to which the United States has long been opposed. The United States also was not satisfied that energy issues were sufficiently treated in the document.

Other development issues included a resolution adopted by consensus calling for a conference on the least developed countries to be held in Paris in September 1981 to consider the special problems of about 30 least developed countries. The General Assembly also adopted by consensus a series of 25 country-specific resolutions calling for increased economic and disaster relief assistance and a resolution to hold a Conference on New and Renewable Sources of Energy in Nairobi in August 1981.

Security Council Expansion and Membership

India and other nations sponsored a proposal to expand the Security Council from 15 to 21 members. The United States opposes the expansion because it believes the Security Council as currently composed reflects the balance of interests in today's world relevant to questions of peace and security. In addition, the United States believes that enlarging the size of the Council would hinder its ability to act quickly and lessen its effectiveness. The proposal has not been voted on and remains on the Assembly agenda.

The General Assembly elected five nonpermanent members of the Security Council to serve for 2-year terms. These are Ireland, Japan, Panama, Spain, and Uganda. The members of the Security Council for 1981 are China, France, German Democratic Republic, Ireland, Japan, Mexico, Niger, Panama, the Philippines, Spain, Tunisia, Uganda, the U.S.S.R., the United Kingdom, and the United States.

Budget and Secretariat Staffing

The United States voted against a supplement of $91.4 million to the biennial U.N. budget which was ultimately approved. (The total budget for 1980–81 is now $1.4 billion.) This vote, in which the United States was joined by 19 other countries accounting for a total of 79% of regular budget assessments, reflected the U.S. belief that increases in one area of the U.N. budget should be matched by offsetting reductions, particularly of low priority activities, elsewhere. The vote also expressed U.S. dissatisfaction that the Secretariat had taken inadequate measures to absorb, as national governments are forced to do, increases in costs of previously approved programs due to inflation and currency fluctuations.

The United States cooperated in developing a new formula for determining the number of U.N. Secretariat jobs each member nation may fill with its citizens. In response to criticism from developing nations that too much weight was given to the amount of a nation's contributions, the new formula decreases the weight given to the amount of a nation's contributions from 66% to 57%. However, it increases the total number of jobs available to each nation by broadening the base of existing jobs subject to geographical distribution from what the United States considered an unrealistic low of 2,700 to 3,350.

USUN press release 16 of Apr. 10, 1981. ■

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European Community
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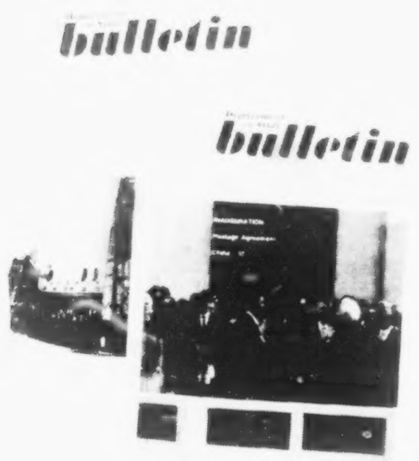

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States would take Mexico's interest in this problem fully into consideration, as well as the interests and rights of the individual migrants themselves.

I had the great pleasure of informing the President that the legislature has acted—the Congress has acted—and we are going forward with construction of the Otay Mesa additional border crossing to relieve the logjam that we have at the San Ysidro crossing there. It is badly needed on the California Baja border. And we agreed that it would be an important boost to tourism in both directions.

President Lopez Portillo formally invited me to participate in a meeting of heads of government, an international meeting to be held in Cancun, Mexico, in October, and I happily accepted that invitation. I look forward to the informal discussion of North-South questions which will occur at that meeting and as well as additional meetings that we have spoken of.

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[1] Made on the South Lawn of the White House (text from White House press release).

[2] President Lopez Portillo spoke in Spanish, and his remarks were translated by an interpreter.

[3] Made at a luncheon in the East Room of the White House (text from White House press release).

[4] Made on the North Portico of the White House (text from White House press release).■

The United States and Mexico

by Everett E. Briggs

Statement prepared for delivery before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on June 10, 1981. Mr. Briggs is Acting Deputy Assistant Secretary for Inter-American Affairs.[1]

The just-concluded 2-day session at Camp David and at the White House is the fifth presidential-level meeting for the United States and Mexico in the 4½ years Jose Lopez Portillo has been in office. It is the second time this year that President Reagan has met with his Mexican counterpart, and the two expect to be meeting again later this year at a time and place to be determined. Since January 20 there have been several telephone exchanges, as well as visits by special emissaries.

The frequency of these high-level encounters and the pace of diplomatic activity reflect a new appreciation of the intensity and importance of the unique relationship between our two countries. This relationship is as complex, extensive, intertwined, and interdependent as any for the United States.

There is scarcely an agency of our government that is not involved in programs which directly or indirectly affect the relationship. Contacts between experts on both sides are constant; individual agencies have a wide variety of agreements and arrangements with their counterparts on issues ranging from housing and health to culture, tourism, aviation, narcotics control, customs cooperation, environmental protection, science and technology, to name just a few. Our Embassy in Mexico is the largest in the world because so many agencies find it necessary to be represented there: 11 in all.

There exists a long-time, active relationship between our Congress and the Mexican legislature, and within a few days a delegation of distinguished American Congressmen and Senators will go to Mexico for the annual meeting of the U.S.-Mexico Interparliamentary Commission—that in addition to frequent visits back and forth by individual members or delegations interested in specific issues.

Under the leadership of Governor Clements of Texas, periodic meetings of border governors from both sides are now taking place—a development we welcome and which contributes directly to improved understanding and increased possibilities for cooperation at the local level.

There are literally thousands of binational organizations; hardly a week goes by without a conference on U.S.-Mexican relations sponsored by academia, foundations, or private enterprise. Transit—tourism and business—between the two countries is the heaviest in the world: over 800,000 persons legally cross the border daily. This accounts for the fact that 12% of our worldwide consular resources are dedicated to Mexico, at our Embassy and 10 consulates.

We now have upward of 12 million Americans of Mexican extraction, and the historical, cultural, and political impact of this fastest growing portion of our population is a fact of life neither legislators nor policymakers can ignore.

Such is the environment within which U.S.-Mexican relations prosper as well as occasionally encounter difficulties, as is inevitable, given that we are both proud, individualistic, and independent-minded nations, each with a role to play on the world scene and our own ideas of our national interests. But as next-door neighbors with a shared interest in prosperity and progress, we share a common determination to cooperate where possible, to minimize and isolate differences where they cannot be avoided, and to consult closely on all issues which arise between us. This is the Administration's approach.

The bilateral component in our relationship overshadows all else, and the three main categories are economic relations (principally trade), migration, and border relations. I should like to address each of these, as well as regional issues, a component of secondary importance to the overall relationship, but one which requires special sensitivity on both sides.

Trade and Investment

During the past few years, trade between the United States and Mexico has grown dramatically. It increased 50% from 1979 to 1980, reaching almost $28 billion, and making Mexico our third-ranking trading partner after Canada and Japan. Trade has tripled in 4 years, and if the upward swing continues, as we have every right to expect, Mexico will be in second place.

Considering the size of this trade and its rapid growth, we have had few serious problems. Because Mexico is not a member of the General Agreement on Tariffs and Trade (GATT) and has not adhered to the negotiated code of conduct on countervailing duties and export subsidies of the multilateral trade negotiations (MTN), and given our own trade laws and our traditional, multilateral approach to foreign trade, there is the potential for serious trade disputes to arise between us. If these occur, there may be some interruption of trade in specific products, but overall trade should continue to grow.

According to U.S. Department of Commerce statistics, U.S. exports to Mexico in 1980 reached $15.1 billion, up 53% over 1979. U.S. imports increased to $12.5 billion, up 42%, with oil and natural gas accounting for slightly over 50%. The main U.S. exports were agricultural products, capital goods, and intermediate goods. The U.S. bilateral trade surplus was $2.6 billion, up from $1 billion in 1979. For Mexico, total exports of goods and services generate more than 15% of GDP, and almost two-thirds of Mexico's trade is with us, so our trade policy has a tremendous impact on the Mexican economy. As Mexico's export potential grows, market access issues and export promotion measures (such as export subsidies) will become increasingly important to U.S.-Mexican relations.

U.S. agricultural exports to Mexico last year swelled to $2.5 billion, more than doubling from a year earlier. Mexico became our third largest agricultural export market, accounting for 7% of our total agricultural exports. Grain and other bulk commodities were crucial in this increase. These exports took place under a bilateral U.S.-Mexico grain agreement, negotiated in early 1980, extended later in the year, and renewed for 1981. We have agreed to enter into a similar pact for 1982. Under the agreement, the U.S. Government facilitates the purchase of agreed-upon quantities, mainly by offering tenders. The two governments cooperate on resolving transportation problems—getting the grain across the busy border and through congested ports.

The Mexican Government decided last year that the time was inopportune for it to join the GATT or the subsidies code, noting that these would place undue restraints on Mexican development policy, without the nontariff measure codes of conduct and the MTN trade concessions offering sufficient advantages to outweigh these restraints.

What this means, under our own laws, is that U.S. petitioners requesting the imposition of countervailing duties on Mexican products need only to prove the existence of subsidies and not that these subsidies cause or threaten injury. Such findings then trigger the imposition of countervailing duties. The indications are that barring some bilateral agreement or Mexican adherence to GATT, several Mexican subsidies will be countervailable.

In fact, on April 10, 1981, countervailing duties of 5% were levied on imports of leather wearing apparel from Mexico. The U.S. Department of Commerce determined that Mexican manufacturers of leather wearing apparel are receiving subsidies from the Government of Mexico. Mexican exports to the United States of this product between January 1979 and May 31, 1980, were worth $26 million. We are consulting with Mexico on this problem.

Mexico is worried about U.S. graduation policy. Graduation refers to the phasing out and eventual elimination of special and differential trade treatment for advanced developing countries. It has been U.S. policy to apply graduation to the Generalized System of Preferences (GSP—the system by which certain listed products from Mexico and other developing countries enter the United States duty free, unless those products are especially sensitive or extremely competitive). Mexico ranks fourth among the 140 beneficiaries of the U.S. GSP program. Its utilization of GSP has doubled over the last 5 years, increasing to $509 million in 1980. Graduation this year eliminated GSP on two Mexican items worth only $14 million; petitions on other items were turned down. Mexico regained eligibility on over $14 million in previously ineligible products and gained eligibility on 47 items newly added to the list, 3 of which

Mexico—A Profile

Geography

Area: 764,000 sq. mi. **Capital:** Mexico D.F. (pop. 15 million, 1980 est.). **Other Cities:** Guadalajara (2.4 million), Monterrey (2 million), Cuidad Juarez (680,000), Puebla (600,000).

People

Population: 69 million (1980 est.). **Annual Growth Rate:** 2.7%. **Ethnic Groups:** Indian Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. **Religion:** Roman Catholic 97%. **Language:** Spanish. **Literacy:** 74%. **Life Expectancy:** 65 yrs. (1975).

Government

Official Name: The United Mexican States. **Type:** Federal republic. **Independence:** First proclaimed Sept. 16, 1810; republic established 1822. **Constitution:** Feb. 5, 1917. **Branches:** *Executive*—President (Chief of State and Head of Government). *Legislative*—bicameral Congress (66-member Senate and 300-member Chamber of Deputies). *Judicial*—Supreme Court, local and federal systems. **Political Parties:** Institutional Revolutionary Party (PRI), National Action Party (PAN), Popular Socialist Party (PPS), Authentic Party of the Revolution (PARM); three other parties—the Socialist Workers Party (PST), the Mexican Democratic Party (PDM), and the Mexican Communist Party (CPM)—and four political associations registered. **Suffrage:** Universal over age 18. **Administrative Divisions:** 31 states and the Federal District.

Economy

GDP (1980): $128 billion. **Per Capita GDP:** $1,800. **Annual Growth Rate:** 7.4%. **Annual Inflation Rate:** 28%. **Natural Resources:** Petroleum, silver, copper, gold, lead, zinc, natural gas, timber. **Agriculture:** Corn, cotton, coffee, sugarcane, vegetables. **Industries:** Food processing, chemicals, basic metal and metal products, petroleum. **Trade:** *Exports*—$15.3 billion: petroleum, coffee, cotton, fruits and vegetables, sulfur. *Partners*—U.S. (64%), EC, Japan. *Imports*—$18.6 billion: grains, machinery, equipment, industrial vehicles, intermediate goods. *Partners*—U.S. (65%), EC, Japan. **Average Exchange Rate (1980):** 23.5 pesos = US$1.00

Membership in International Organizations

U.N., International Atomic Energy Agency, International Civil Aviation Organization, Seabeds Committee, Inter-American Defense Board, Organization of American States, Latin American Free Trade Association, INTELSAT.

Principal Government Officials

Mexico: President—Jose **Lopez Portillo**; Minister of Foreign Relations—Jorge **Castaneda** de la Rosa; Ambassador to the U.S.—Hugo B. **Margain. United States:** Ambassador to Mexico—John Gavin. ■

1980, and it is unlikely that the recycling which occurred after the first oil shock in 1974 can be repeated as easily. Restrictive monetary policies and the resulting higher interest rates in developed countries have reduced the growth and increased the cost of international liquidity on which borrowers depend. Furthermore, private banks are increasingly wary of the risks inherent in lending to developing countries. The result is a decline in the share of current-account deficits financed by private long-term flows, more recourse to short-term borrowing, and slower reserve accumulation. These methods of financing cannot be relied upon in the long run, however, and some developing countries already confront serious problems.

LDCs, facing increased competition for loanable funds from developed countries, will have to pay higher interest rate spreads adding to their debt service burdens – already large in many cases. As the outlook worsens, private banks will insist that borrowing nations undertake difficult adjustment measures in order to return their current-account deficits to sustainable levels.

The International Monetary Fund (IMF), because it requires that a country develop and implement an economic adjustment program as a condition to granting access to its extensive resources, has a major role to play in facilitating adjustment. The IMF has been adapting its own policies to cope with the more difficult global financial situation. In the past, countries have been reluctant to ask for IMF assistance until their difficulties were almost beyond help. The Fund has recently increased the potential size of its loans to respond to larger financing needs and lengthened its terms to meeting countries' political requirements for more gradual adjustment. Traditional demand management tools such as reducing fiscal and current-account deficits and tightening the money supply are still important to the IMF, but increasingly the Fund is turning to longer term supply-side oriented programs.

To finance Fund programs, IMF members have doubled their quotas – adding both to the Fund's resources and to members' borrowing rights. The IMF is currently evaluating the merits of borrowing in the private markets. The success of this approach, however, depends on continued cooperation among the developed countries and others in strong economic or surplus positions. The IMF provides a mechanism for this cooperation as evidenced by the recent Fund negotiation with Saudi Arabia for a quota increase. The negotiations yielded for the Fund, inter alia, a $5-billion line of credit from Saudi Arabia in each of the next 2 years.

The future scope for prudent bank lending is heavily dependent on world trade growth and on developing countries' ability to participate in the expansion. With increased exports developing countries can earn the foreign exchange necessary for debt service repayment and justify further borrowing for investment purposes. Consequently, access to developed-country markets is critical for developing countries. Indeed, if their export markets remain depressed or if protectionism spreads, more and more developing countries will require debt rescheduling to avoid outright default.

Adjustment and Trade Problems

I have already noted that mounting structural difficulties in key industrial sectors have increased pressures for protectionist measures in most developed countries. One motive is preservation of domestic jobs and minimization of the social costs of adjustment in declining industries.

But, at least in the United States, there is strong evidence that changes in consumer demand, differential productivity gains and technological change – not imports – are by far more important explanations for employment declines in some industries. Further, trade protection is an expensive means of job preservation; the costs involved can be several times the wages of those workers whose jobs were actually lost. And protection is inflationary. President Reagan has, therefore, correctly resisted strong political pressure for quota protection against Japanese autos. We hope Europe will do so as well.

The case is different when unfair trade practices are involved. There is, however, a sharp difference between protecting firms from unfair competition – such as we do with our recently revised trigger price mechanism aimed at steel producers who were dumping – and restricting imports when there has been no dumping and imports are not a significant cause of injury. According to the U.S. International Trade Commission, restrictions on auto imports from Japan are unjustified for just these reasons. In order to maintain an open trading system and the substantial benefits it offers all countries, we and others must practice self-restraint, not only in opposing protectionism but also in avoiding measures that artificially subsidize exports. The Administration will be vigorous in the defense of free-market principles at home and will demand equal vigilance from our trading partners.

The long-run solution to problems of trade and adjustment lies with our own domestic economic policies. Some of our industrial problems are being caused by the pervasive stagflation of the past few years which has fostered low real investment and high unit labor costs. To the extent that these problems are related to macroeconomic factors, we can all hope that the recently announced economic policy shifts will be efficacious and will provide industry with the necessary boost.

On the other hand, insofar as structural problems are the result of permanent shifts in comparative advantage or the failure to diagnose the market effectively, our efforts should not be aimed at providing crutches – assistance which often becomes permanent and, in the long-run, industrially debilitating. Rather, we should look ahead to new products and product lines. Instead of pouring resources into yesterday's industries, let us anticipate tomorrow's demand and put American ingenuity to work.

This may well mean greater expenditure on research and development as well as more aggressive sales strategies. It may require more cooperative arrangements with workers, forebearance from equity holders, and supply-side interventions by government. It will also mean continuing work with our partners to keep markets open to international trade. This Administration is committed to that kind of program. We are acting on taxes, on depreciation rules, and on deregulation. These are positive, forward-looking actions. Much depends, however, on positive export efforts from American industry.

Population

A sociologist, on noting a very long line for a movie, commented "There you see the need for reducing the population." "Oh, no," responded his economist companion, "you just need to build a second cinema." This difference of approach lies at the center of discussions on population growth. Take Mexico, our near neighbor: the population is now around 68 million. As recently as 1960 it was only half that size. This means that, merely to maintain their low standard of living, for every school, road, hospital, and house existing in 1960, another must have been built.

This is the burden that the developing countries bear. Investment in human capital competes with investment in productive capital. While family planning can assist couples to produce just the number of children they desire, it is only as the economic structure changes that the preferred family size will decline. This requires a long-term effort. But it can happen. In one developing country after another, the completed family size is falling – in Mexico, among others. But while the rate of growth has slowed it is still a positive rate and the flow into the overcrowded cities gives unreal estimates of, say, a Mexico City of 31 million in the year 2000.

The United States has been a leader in responding to requests for the developing countries for development projects linked to family planning assistance. To ease off in these efforts would merely increase the burden for the next generations – here and there.

Conclusion

Years ago, there was a saying that when the United States caught a cold, the world got pneumonia. Over the years, this linkage crossed many borders. Developing countries still use the analogy to describe their relations with the developed countries. Yet the truth of the matter is that no nation, not even the United States, is totally immune from economic illnesses transmitted among nations.

As I have pointed out, recent energy problems have served to highlight some of our structural problems and to exacerbate them. The nature of these problems is such that the United States can't solve them alone. Still it is within our power to work responsibly with others to find cooperative solutions. This is America's interest in a complex interdependent world. ■

The Airbus: Challenge to U.S. Aircraft Industry

by Harry Kopp

Statement before the Subcommittee on International Economic Policy and Trade of the House Foreign Affairs Committee on March 19, 1981. Mr. Kopp is Deputy Assistant Secretary for Economic and Business Affairs.[1]

For the last several years, the U.S. aircraft industry has been under serious challenge. In 1976 about 90% of the free world's commercial jets were U.S.-built. With the introduction of the airbus, however, our share began to decline, and today we can claim only about 70%. The airbus—the A-300 and A-310—is a good plane brought to market at the right time to threaten our lead. It combined payload, range, and economy attractively for shorter and intermediate hops, finding a niche in the market where U.S. manufacturers had no exact competitor aircraft in production to meet it at that time. The airbus has sold extremely well in Europe and the Middle East and has made inroads elsewhere.

The outlook is for increasing competition from airbus and others. Airbus has planned a new generation of single-aisle and twin-aisle carriers, the SA-1 and SA-2 for short hauls, the TA-9—an improvement on the 300 series—and the TA-11 long-haul plane to compete for the intercontinental market. Japan hopes to enter the market with engines and perhaps airframes.

In the future, competition from such unlikely sources as Brazil and even Indonesia, for commuter-type aircraft, should not be discounted. Moreover, the challenge to U.S. firms is in our own domestic market as well as abroad. At the same time, the industry appears to be becoming increasingly internationalized, with joint ventures and component supply networks crisscrossing national borders. For example, although we regard the European airbus as a competitor, approximately one-third of the value of each airbus sold is in U.S. components, with jet engines the most important of these.

I will leave details concerning the industry and its prospects to other Administration witnesses. It is against this background, however, that the impact of government policy on the industry should be assessed.

Losses in the Middle East

In no other area in the world were the successes of the competition so spectacular and our own sales performance so dismal as in the Middle East last year. Jet aircraft sales in the region climbed to $1,977 million, of which U.S. suppliers won only $259 million, or 13%, as compared with U.S. sales of over $1.5 billion the year before. Airbus, in contrast, selling $1.7 billion, captured 87% of the Middle Eastern market. Using a Department of Commerce formula that $1 billion in exports gained or lost equals 40,000 jobs, the drop from 1979 to 1980 of $1.3 billion, if not made up in sales elsewhere, equates to 50,000 jobs lost for only 1 year.

In an excellent report received just this month, our regional civil air attache in Tunis notes that the enormous decline in U.S. fortunes was not likely due to technical considerations, a lack of effort on the part of our manufacturers, nor even to the quality of the airbus. Rather, pivotal factors most mentioned by his contacts were:

- Financing;
- Political considerations, including foreign policy controls;
- High-level political support for airbus; and
- The U.S. Foreign Corrupt Practices Act.

Financing

Export-Import Bank financing has played a crucial part in U.S. aircraft sales in the past 2½ years, typically accounting for about 40% of the bank's direct loan portfolio. Nevertheless, the industry, on average, has received a lower percent of direct credit cover as a portion of total export value than other U.S. capital goods exports—44% last year as against 63% for nonaircraft purchases.

Today, Europeans do better by airbus, with terms we have not been able to meet. Airbus offers 85% of export value, repayable in francs, marks, and dollars at a composite rate of 7.95% over 10 years. Normally, Eximbank cannot come close to this; although, in several highly competitive cases, it has offered 75-10-15 coverage, with the sup-

Western Saharan issue will have approached a solution.

The tanks are not suitable for the rugged desert terrain where much of the fighting in the Western Sahara and southern Morocco is taking place, nor would it be cost effective or tactically sound to employ a relatively slow-moving, highly expensive, heavily armed, tracked vehicle against the light and rapid landrover units used by the Polisario.

OV-10 and F-5 Aircraft. Shortly after taking office, Secretary Haig also reviewed and approved the scheduled delivery of six OV-10 reconnaissance aircraft and 20 F-5E/F fighter aircraft, the elements of a 1979 Moroccan arms request which was the subject of extensive congressional hearings over a year ago. It was in the context of those hearings, and that arms package, that the previous Administration agreed there should be a relationship between U.S. willingness to supply arms to Morocco for defense against Polisario attacks in Morocco proper and the Western Sahara on the one hand, and Moroccan forthcomingness in the search for a compromise political settlement of the Saharan dispute of the other. Before leaving office, the last Administration had decided that Morocco had shown goodwill and had demonstrated a determination to achieve progress.

The first four OV-10s have arrived in Morocco; the remaining two arrive in April. These are the first arms to be delivered so far under that much publicized 1979 arms request. Fourteen F-5 fighter aircraft will be delivered this year, beginning in the summer, and the remaining six in 1982. Morocco cancelled its request for 24 helicopters which formed part of its original 1979 request.

Progress in Negotiations

We reviewed progress in Saharan negotiations during our testimony before the House Subcommittee on Africa last December. We noted at that time that, in return for a postponement of OAU consideration of the Polisario's application for admission during the chiefs of state summit early last summer, Morocco had agreed to cooperate with the efforts of the OAU Wisemen's mediation committee. Morocco, the Polisario, and Algeria sent delegations to a meeting of the five-nation mediation committee in Freetown last September.

The OAU committee heard statements by the various parties and, shortly thereafter, recommended that a UN-supervised cease-fire be put in place by December 15, 1980, to be followed by an internationally supervised referendum to determine the future status of the Western Sahara. Despite domestic political opposition, Morocco accepted the cease-fire but showed initial resistance to a referendum.

During the proceedings of the U.N. Fourth Committee in October, Morocco introduced a resolution recommending a U.N. deferral of the issue inasmuch as the OAU mediation effort was in progress. After consultation with us, Morocco affirmed before the Fourth Committee its willingness to cooperate diligently with OAU mediation efforts, including the OAU mandate as it related to a free choice for the inhabitants of the Western Sahara.

Unfortunately, the cease-fire has not been achieved. The Polisario has not publicly agreed to the cease-fire and has continued its attacks. Recently, a Polisario spokesman said that "the time for a referendum is past." We do not know whether that position is in concrete. The Polisario organization cotinues to insist that negotiations must take place only between the Polisario—as the legitimate representative of the Saharan population—and Morocco.

Steps Toward a Settlement

Standing in the way of a negotiated settlement is the absence of any specific ongoing process to give reality to the OAU recommendations for a cease-fire and a referendum. Possible next steps toward launching such a process might include:

- The establishment of an active working-level committee to grapple with the complexities of implementing a cease-fire and referendum;
- Specific suggestions for establishing voter eligibility in a referendum on the future status of the Western Sahara; and
- OAU coordination and consultation with the United Nations on implementing its call for a U.N. supervised cease-fire.

The time for execution of the OAU recommendations is overdue, especially since the question of the Polisario's admission into the OAU will probably arise at the OAU summit in Nairobi next July. Admission could complicate OAU efforts to encourage a settlement, for it would confer at least qualified legitimacy on the Polisario as the spokesman of the people of the Western Sahara. Morocco would object and would probably consider withdrawal from the OAU. This would be a serious development. Aside from this possibility, divisive OAU debates over the Saharan issue could also detract seriously from OAU efforts to seek the withdrawal of Libyan forces from Chad.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Contributions to Refugee Relief in Southeast Asia and Pakistan

by W. R. Smyser

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on March 26, 1981. Mr. Smyser is Acting Director of the Bureau for Refugee Programs.[1]

I am pleased to have this opportunity to discuss U.S. policies and contributions to refugee relief in Southeast Asia and Pakistan. Since many of you have recently visited refugee camps in Asia, I do not need to remind you that some of the world's most massive and persistent refugee situations are in this part of the world. Nor do I need to describe the suffering, insecurity, and deprivation many refugees experience as they await a chance for repatriation, resettlement in their country of first asylum, or possibly resettlement in another country. Instead, I would like to focus on the scope of our program, particularly through contributions to international organizations and our projected needs for the coming fiscal year.

Review of U.S. Participation

Before turning to the ever-increasing problem of Afghan refugees in Pakistan, I would like to review our participation in international relief and resettlement programs for Indochinese refugees and the people of Kampuchea. Fortunately, these international efforts have helped meet emergency needs and avert the full-scale tragedies that we feared might occur when we appeared before you last year. But conditions both inside Kampuchea and in the first-asylum countries in Southeast Asia are still extremely precarious. While we and the rest of the international community may be able to reduce our support somewhat in the coming year, we must be as vigilant as ever to potential changes in the refugee flows and impact in the region.

In Southeast Asia, the refugee situation is still a staggering problem in human terms, a serious threat to the peace and stability of Southeast Asia, and a particular burden to Thailand. Some 1.2 million Indochinese refugees have fled their homeland since 1975. Of the 1 million refugees resettled outside Southeast Asia, 465,000 have been resettled in the United States. Almost 200,000 Indochinese refugees are currently in UNHCR [U.N. High Commissioner for Refugees] camps in Southeast Asia awaiting resettlement. About 122,000 Khmer refugees are in UNHCR holding centers, many of whom we believe will enter the third-country resettlement stream.

Despite the progress since the height of the crises in 1979, the problem persists. During calendar year 1980, 140,000 Lao, Hmong, and Vietnamese refugees fled the Indochinese states seeking new homelands; another 20,000 Khmer from the holding centers entered this resettlement stream. We expect that refugees will continue to arrive in first-asylum countries at about the same rate as 1980.

Five years after the fall of Saigon, Vietnam remains committed to a policy of repression at home and aggression beyond its borders in Kampuchea. Unfortunately, there is little hope of an early resolution of the refugee problems created by that regime and its clients in Laos and Kampuchea.

Within this context, U.S. policy toward the refugee situation from Indochina has four objectives:

- To seek a humanitarian resolution of the problem;
- To involve the world community in resolving this international problem;
- To reduce tension in the region and reinforce the stability of the ASEAN [Association of South East Asian Nations] countries; and
- To afford refuge in the United States to those persons with a claim on our consideration.

In seeking to achieve the objectives of our refugee policy, the U.S. Government works with:

- The ASEAN states and Hong Kong to insure maintenance of the principle of first asylum for refugees;
- The international community to absorb large numbers of refugees for resettlement and to finance refugees' care and maintenance in first-asylum countries; and
- The UNHCR as the principal international organization responsible for the protection and the care of refugees.

The Indochinese refugee problem originates in the policies of the Communist governments of Vietnam, Laos, and Kampuchea and the resulting conditions in those countries. Whole classes of people have been politically persecuted and disadvantaged. Unprecedented state control of their societies has severely constricted individual freedom of activity. The reordering of the economies of these societies and the extension of Vietnam's military forces into Kampuchea have strained their economic resources and activities and depressed living standards. All these factors have contributed to the refugee flows we continue to witness.

The United States continues to explore all means by which this international problem can be resolved. Of the three traditional means to resolve refugee problems, only resettlement of the Indochinese in third countries has, so far, been effective. Political considerations, pressing domestic economic and social concerns, and national and racial antipathies virtually rule out local resettlement in other Southeast Asian countries. Indeed, governments of these countries have forcibly rejected refugees until assured of their eventual resettlement elsewhere. As for voluntary repatriation, the application of repressive doctrinaire Communist policies within Vietnam, Laos, and Kampuchea makes it impossible for the former upper- and middle-classes to return to their homelands. Indeed, for any group, the act of departure, regardless of motivation, is grounds for persecution, and those caught seeking to escape are severely punished.

While essentially unable to moderate the repressive policies of these regimes, some limited success has been achieved in indirectly influencing these refugee-creating governments to adjust their policies in the direction of moderating refugee flows. Vietnam bowed to world criticism at the Geneva conference in July 1979 and terminated its expulsion of its Chinese minority. Subsequently, the United States, through the good offices of the UNHCR, negotiated an orderly departure program with the Socialist Republic of Vietnam under which persons in Vietnam are allowed to depart for the United States directly.

International Conference on Assistance to Africa's Refugees

The International Conference on Assistance to Refugees in Africa was held April 9–10, 1981, in Geneva. Following is a statement made to that conference by Jeane J. Kirkpatrick, head of the U.S. delegation and U.S. Ambassador to the United Nations, on April 9.[1]

It is my pleasure to bring you greetings from our President, Ronald Reagan. Because he is deeply moved by the suffering of Africa's refugees and desired to express, in a compelling fashion, the solidarity of the U.S. Government and the American people, President Reagan had initially designated Vice President George Bush to head the U.S. delegation. When his injury made it necessary for the Vice President to remain in the United States, President Reagan asked me to attend—less as our Permanent Representative to the United Nations than as one of the members of the U.S. Cabinet who operates in the field of foreign affairs. The President also asked me to personally express his devout hopes for a successful conference. And the Vice President requested that I express his regrets that he cannot be with you today. The President, the Vice President, and the Secretary of State are following our proceedings with great interest. I will report to them on the conference soon after I return to the United States.

To draw attention to this conference, a bill of the U.S. Congress and a proclamation of the President have designated today, April 9th, as African Refugee Relief Day.

The United States not only has links with Africa, Africa is present in the United States. The African heritage is one of our component parts. Americans have many links with Africa, links which President Reagan's Administration fully intends to reinforce and expand. Twenty-six million of our people trace their ancestral roots to Africa. The exchange of students, teachers, missionaries, businessmen, and diplomats between the United States and Africa has a long history fruitful to both sides. The rich influences of Africa in our culture and society are fixed in the national fabric.

My message today is simple: We feel deeply the suffering of Africa's millions of refugees forced by political, economic, and natural catastrophes to leave their homes in the search for safety and even for survival.

We sympathize also with the countries in which refugees have sought and found asylum—with the strain that growing refugee populations put on scarce resources and difficult conditions in their host countries. We want to help. We mean to do so.

U.S. Concern

Contrary to some reports, the Government of the United States cares a great deal about our relations with the nations of Africa. This concern is reflected in the careful review of African policy and in the consultations now being carried out by our new Assistant Secretary-designate, Chester Crocker. Even more dramatic evidence of the U.S. Government's concern is found in its new budget. While deep cuts are being made in most domestic and foreign expenditures, the Administration has recommended to the Congress a 30% increase in our overall aid for Africa—the first real increase in African aid in a number of years.

My Administration's special concern with refugees has already been made clear. Last month some $50 million in assistance was committed to the Government of Zimbabwe to help in war reconstruction efforts and other activities and programs of direct benefit to the thousands of returnees in that country. Moreover, the United States has consistently and generously contributed to humanitarian programs for the relief of African refugees.

Today I am pleased to announce here that during the 2 years of 1981 and 1982, the United States will further make available, dependent in part on congressional authorization, a total of $285 million to programs assisting African refugees.

That pledge is not only an expression of our desire to help but also of our conviction that something can be done—that the problems of the African refugees are not beyond solution.

Grounds for Hope

Most tragically the staggering number of refugees come on top of the many burdens that Africa already bears. Most asylum countries in Africa are struggling against great odds to meet the needs of their own people. Moreover, African development needs and population growth, together with declining per capita food production, combine with Africa's refugee crises to threaten genuine disasters. Secretary General [of the Organization of African Unity Edem] Kodjo recently posed the issue in stark terms when he said that "by the end of the century, Africa will either be saved or completely destroyed."

Even though the number of African refugees continues to grow—having more than doubled in the Horn in 1980—we remain hopeful and for several reasons.

The first ground for hope is the generosity of the African countries themselves. The more than two dozen asylum countries have repeatedly demonstrated the time-honored African tradition of hospitality to strangers. Even though most asylum countries in Africa are struggling against great odds to meet the needs of their own people, they have often committed sizable amounts from their own resources to assist refugees, permitting the newcomers to resettle permanently. Most have permitted the refugees to use arable lands and available social services. These African countries are, therefore, the first donors.

The second ground for hope lies in the excellent efforts of a variety of international agencies, public and private, including the International Committee of the Red Cross and the many other voluntary humanitarian organizations—many of whose representatives are present among us today. The U.N. High Commissioner for Refugees has worked valiantly to meet the staggering increase in worldwide refugee needs over the past 5 years.

The third ground for hope is found in the growing response of the international community and recognition of the need for a massive coordinated effort to assist the millions of uprooted, homeless Africans. There is also increasing awareness among those willing to help of the importance of tailoring the assistance to the concrete circumstances of the refugees and their host countries. We believe a more systematic study of these circumstances can result in still more effective help.

A final reason for hope is the return, during the past year, of many thousands of former refugees to their homes in Zimbabwe and Equatorial Guinea, a movement that illustrates the possibility of reversing the trend.

Reversing the negative trends and solving the problems will not only require an intelligent, generous effort by nations outside Africa, it will also require a determination to achieve peace in Africa. An end to military adventures and violent politics is necessary, and we call on all the countries of this area to find peaceful solutions to Africa's problems no matter how difficult or intractable they may appear.

If we all—in and out of Africa—work together to solve the problems of Africa's destitute millions, the result will be better lives and more hopeful futures for the refugees and greater stability for their hosts. In this effort you can count on the United States.

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[1] USUN press release 18. ■

African Refugee Relief Day

PROCLAMATION 4833, APR. 9, 1981[1]

The American people are blessed with freedom and material abundance, yet they are not deaf to the cries of agony from those who suffer deprivation. Today, cries for help are heard from Africa where more than 4 million of our fellow human beings have been displaced.

The United States applauds the humanitarian efforts of the nations which take in these refugees. Host nations are often themselves poor in resources and their willingness to accept refugees is exemplary of the best in the human spirit.

Americans are a compassionate people and will do their part, either through government or through voluntary contributions.

With this in mind, Congress has, by joint resolution, requested me to designate April 9, 1981, as African Refugee Relief Day and to call upon the people of the United States to observe that day by increasing their awareness of the plight of the African refugee. Further, I call on Americans of all faiths to involve themselves directly in this problem with their prayers and with contributions to recognized private voluntary agencies which provide care and relief to African refugees.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate April 9, 1981, as African Refugee Relief Day.

IN WITNESS WHEREOF, I have hereunto set my hand this ninth day of April, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and fifth.

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Apr. 13, 1981. ■

El Salvador

DEPARTMENT STATEMENT, APR. 9, 1981[1]

The killing of some 20 civilians in El Salvador 2 days ago is part of a continuing tragedy in that country. Violence—from left and right—threatens all hopes of reform and democratic progress in that country. The goal of U.S. policy toward El Salvador is to help break this vicious pattern.

These most recent killings reinforce our determination to support the centrist government of the country, a government that is beset by extremist forces on the far right and far left who oppose its policies of political, social, and economic reform.

The extremist forces deliberately instigate violence in the knowledge that progress can be stopped only in that way. Such incidents will unfortunately continue until the Government of El Salvador can demonstrate its ability to restore stability in the country and end acts of violence by all parties.

We are communicating with the Government of El Salvador in an effort to learn the facts of this most recent tragedy.

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[1] Read to news correspondents by acting Department spokesman William J. Dyess. ■

Department of State bulletin

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July 1981

should result in substantial Mexican exports to the United States.

Another important trade and investment area has been the in-bond industry program, initiated by the Mexicans in 1965 to reduce serious border unemployment aggravated by the 1964 termination of the *bracero* program. Participating factories produce articles in Mexico, primarily from imported U.S. components, and are given tax, duty, and regulatory exemptions. Assembled goods—70% electronic and 10% apparel—are exported mainly to the United States, under sections 807.00 and 806.3 of the U.S. tariff system subject only to duties on the value added abroad on U.S. goods exported for assembly or processing. Value added in these plants in Mexico in 1980 reached $778 million.

The program is controversial. American labor contends that the program costs U.S. jobs, but defenders of the program contend that it exports only the most labor-intensive part of production, reserving for U.S. workers the best paying portion of the production cycle. Moreover, there are often "twin plants" on the U.S. side of the border, providing jobs in otherwise somewhat depressed areas. Finally, the wages paid to in-bond plant workers are often spent on the U.S. side of the border.

Energy is an important part of our trading relationship with Mexico. Last year, oil and natural gas accounted for over 50% of U.S. imports from Mexico. The United States received an average of 560,000 barrels per day (b/d) of crude and gas liquids, worth a total of $6 billion, and an average of 300 million cubic feet per day of natural gas, worth approximately $500 million annually.

The United States will likely receive more Mexican oil this year than ever before. In 1981, weather permitting, Mexican oil exports to the United States will probably reach 744,000 b/d by the second quarter, out of total oil exports of 1.5 million b/d. Production, now near 2.6 million b/d, might reach 2.9 million b/d by summer, with the yearly average to be slightly above 2.75 million b/d. Production and export figures could vary, of course, if the present softness in the world oil market continues.

Mexico has followed OPEC [Organization for Petroleum Exporting Countries] pricing patterns for crude oil. U.S. oil companies deal directly with PEMEX, the Mexican national oil company, with no direct U.S. Government involvement, an arrangement our companies and PEMEX prefer. Mexican natural gas sales take place under a government-to-government framework agreement negotiated in 1979. Under the agreement, a consortium of U.S. companies imports 300 million cubic feet per day at a price set according to the price of a basket based on crude oil prices. Over most of the last year, under an Energy Regulatory Administration ruling, Mexico has received a price equal to the border price of Canadian gas.

Mexico's energy policy has emphasized careful control of production and export levels, so that oil revenues will not exceed the capacity of the economy to absorb them. The Mexican national energy program (announced in late 1980) sets export limits through 1990 of 1.5 million b/d for oil and 300 million b/d for gas. The program is less explicit on production levels but seems to discourage sharp increases in production of oil and gas.

Mexican leaders have emphasized their belief that Mexico must diversify its oil markets to avoid making any one country (meaning the United States) overly dependent on Mexican oil. The national energy program says that oil exports to one country will not exceed 50% of total oil exports. They have also tried to use oil to gain technology, investment, and trade on favorable terms from other countries, including France, Sweden, and Japan, while exempting the United States from this linkage.

U.S. investment is important in Mexico's economy. Out of total foreign investment in Mexico of approximately $7.5 billion, the U.S. share is worth over $5 billion, or 69%. The U.S. share has remained fairly constant over the last few years, with the U.S. total growing to match sharp increases in the overall total. Mexico has strict regulations governing foreign investment, but has tried to utilize those regulations with sufficient pragmatism so that development is encouraged, not discouraged.

Migration

The question of illegal immigration is one of the most sensitive and complex of U.S.-Mexican issues. The Administration has been studying the problem. It has exchanged views with the Mexican Government on a frequent basis at the diplomatic and technical levels. In 1977 the Carter Administration proposed a legislative package to deal with immigration issues. There was no consensus at the time, and Congress established a select commission to review immigration and refugee policy. The commission's report, published in February 1981, recommended:

- Legal status for those here illegally, based on criteria such as length of residence and absence of grounds for exclusion;
- Enforcement of strenghtened immigration laws and regulations; and
- Enactment of sanctions against employers of illegal aliens.

The Reagan Administration has set up a task force to examine the commission's recommendations and to advise the President on structuring the Administration's policy. The task force's conclusions are expected momentarily.

We have reviewed extensively with the Mexicans both the select commission's findings and the various alternatives open to us and explored in a general way the possibility of some joint actions both to improve legal travel and curtail illegal movement. We expect these exchanges will continue.

One of the most difficult aspects of the migration problem is the lack of reliable or consistent data. Estimates of the number of illegal aliens in the United States range from 500,000 to 12 million, and the annual flow probably has ranged from half a million to several million. We also lack firm information about length of stay, type of jobs, etc. Some recent studies conclude that more and more illegal immigrants are taking skilled employment, meaning Mexico may be losing some of those whom it needs for its own development. One thing seems certain: Mexicans constitute the largest proportion, probably well over a half, of illegal migrants.

Border Relations

In general, these can be characterized as excellent. Citizens' groups along the border regularly proclaim that they understand each other and are able to resolve most local problems without interference from the bureaucrats in the distant capital cities who are out of touch with reality. In fact, we in the capitals are intensely interested in the welfare of our border citizens and work cooperatively with State and local authorities as well as with our Federal counterparts in seeking solutions to such diverse problems as river use; flood control; joint energy development and alternate energy sources; environmental protection and pollution control; improvement of sanitation; cooperative law enforcement efforts, including narcotics, stolen vehicles, tourism, etc. I should like to concentrate on two areas, narcotics and tourism, as illustrative of this relationship.

Narcotics. Our antinarcotics program with Mexico has been marked by as high a degree of cooperation as with any country anywhere. While it has not been possible to wipe out the problem altogether, the program has made tremendous progress in lessening the drug flow from Mexico to the United States.

Illicit production of opium and heroin in Mexico became a serious problem for the United States in 1974–75, when Mexican production grew to meet the demand created by disruption of the "French connection." By 1975, 90% of the heroin consumed in the United States was from Mexico.

The U.S.-Mexico cooperative antinarcotics program has stressed two approaches: the most extensive has been the effort to eradicate illicit opium poppies in the fields; a parallel approach has been bilateral law enforcement cooperation in exchange of intelligence, joint investigation, interdiction, and prosecution.

The eradication campaign, primarily a Mexican effort, has met with much success. At first, the Mexicans used manual cutting, but met difficulty in remote mountain areas. In 1975 the Mexicans began to use aerially applied herbicides. Mexico spends approximately $40 million on the program, mainly for herbicides and other operational costs. The State Department provides approximately $9 million per year in assistance funds, mainly to purchase and maintain reconnaissance and spray aircraft for the Mexican Attorney General's office.

The amount of Mexican heroin entering the United States has fallen from 6 tons per year to 1.5 tons, 45% of the total entering the United States. Deaths from overdose from brown heroin have dropped dramatically. This law enforcement cooperative program has immobilized many international narcotics traffickers.

Tourism. Tourism earnings are important to both countries. Revenues from tourism have accounted for almost 7% of Mexico's export earnings. U.S. visitors provide between 60% and 70% of Mexico's total earnings from tourism. Tourism income is only 5% of U.S. export earnings, but approximately 25% of U.S. tourism earnings come from Mexican tourists. Under our bilateral tourism agreement with Mexico, we have been working with the Mexicans on exchange of statistics, training, development of third-country tourism, and tourism facilitation. We have also agreed to open a new border crossing at Otay Mesa near San Diego and Tijuana, now scheduled for completion in 1985.

A recent trend has been that Mexican tourism to the United States is increasing faster than U.S. tourism to Mexico. Inflation in Mexico and the overvaluation of the Mexican peso have lessened Mexican competitiveness in tourism. We have suggested that lower airfares and stopover rights for U.S. carriers (carrying U.S. passengers between certain points in Mexico) might encourage U.S. tourism there, and we will be pursuing this approach.

Border Trade. As to the border itself, along the 2,000 miles from Brownsville to San Diego most of the goods in our bilateral trade pass. Rail and truck traffic across the border has expanded enormously in the last 3 years and presents both countries with new challenges which will have to be met very soon. Additional border crossing facilities are needed. We are approaching these questions in the cooperative spirit that characterizes our border relations.

Regional Issues

Although Mexico shares our regional goals of self-determination, democracy, stability, and peaceful, political resolution of conflicts, we have had sometimes well-publicized differences over the best means to achieve those shared goals. The Administration has exchanged views on a close and frequent basis with Mexico on regional developments, especially concerning the Caribbean Basin area, and we intend to continue to do so.

Mexico's decision to break relations with the Somoza regime in May 1979 signaled a new Mexican activism in the region and Mexico has taken several actions to influence events in Central America, including:

- Firm support for the Sandinista regime in Managua;
- Extensive travel by President Lopez Portillo, including to Cuba;
- Encouragement to leftist political groups opposing the Duarte government in El Salvador (while keeping diplomatic ties with the junta); and
- Generous economic assistance to the region through a joint petroleum financing facility with Venezuela.

This last point merits further comment. The purpose of the Mexican/Venezuelan oil facility is to help the oil-poor countries of Central America and the Caribbean (except Cuba, which is not included). Under this arrangement, oil is sold at market prices with concessionary loans financing 30% of sales.

We have had differences with the Mexicans. They have publicly voiced opposition to U.S. military support for the Duarte government in El Salvador. They have questioned our suspension of aid to the Nicaraguan Government and they have continued to maintain cordial relations with Castro (Mexico never broke relations with Cuba, even when the rest of the Organization of American States did). Mexico has, however, stated its opposition to any form of hegemony in the hemisphere and is strongly opposed to interference from outside. Mexico shares our belief that economic and social problems are at the root of regional difficulties; its oil facility, which has been extended to such countries as El Salvador, Guatemala, Nicaragua, Panama, and Jamaica, has been aimed at helping ease those problems.

The question is how Mexico and the United States can emphasize the many values which unite us in our separate views of the Caribbean Basin. We are working on this. These are the issues that concern both countries and the bounds within which we seek to maintain and enhance a strong and healthy relationship with Mexico based on mutual respect and a realization that our fates and our futures are inextricably bound together. ■

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

dangerous situation which continues to be dangerous today.

I think we must be very, very careful in our value judgments about the importance of this provision of arms to Saudi Arabia which are designed to defend against the threats I just spoke to. I would also emphasize that the AWACS itself is a defensive weapon whose technical capabilities are somewhat more limited than some of the misinformed suggestions that we are reading in the press today.

I don't mean to suggest by that that our friends in Israel do not have reason to be concerned. We have been in the process of discussing this issue with them. I've discussed it with them.

We are in the process now of formulating the modalities for the sale of this system to Saudi Arabia, and I would suggest that prudent people who may be concerned hold their fire until they see and are able personally to assess what these modalities will be. I think you'll find they're far less frightening than the questioner might have suggested.

Q. Following that meeting with you, President Reagan, and Mr. Habib this morning, did you send him away— back to this shuttle diplomacy—with any special tools or any special instructions that we might want to know about?

A. One of the greatest tools we can give him is not to pop off in public and complicate his tasks at the cutting edge of diplomacy. [Laughter]

I just left President Reagan and Phil, and we had a very long discussion where the President was asked to be brought abreast of the diplomatic efforts undertaken by Phil. These are efforts all in the direction of the objective of peace and stability in the area.

I notice some of the press suggest the mission is a failure. Nothing could be farther from the truth. Four weeks ago when this mission was launched, we were on the verge of conflict, the expansion of which could not be predicted. We've had 4 weeks of, let's say, reasonable peace. We hope and we have perceived that none of the parties appear to want a broader conflict. That's a very good premise from which to continue this effort.

This effort will continue. Mr. Habib only returned home because there was a natural break in the dialogue among the parties, and it gave him an opportunity to bring the President abreast of the situation. He will be returning shortly. We haven't fixed the date yet. The process will continue. We continue to have hope, although it's an extremely complex and anguishing problem, and it still remains in my view somewhat of a longshot. But with each passing day, we've accomplished greater chances for the maintenance of peace which we seek.

Q. The Strategic Arms Limitation Treaty has been stalled for over a year and a half. What is the policy of this Administration toward those negotiations, and how soon will we see some action?

A. First, I think if you watch carefully, you'll see there has been some action. We have already committed ourselves to a time schedule to initiate discussions—formal negotiations—with the Soviet Union on theater nuclear arms control. These are the systems deployed in Western Europe and deployed in the Soviet Union which threaten Western Europe. These discussions will be conducted within the framework of SALT. I will discuss the actual modalities and timing with Foreign Minister Gromyko this September at the United Nations, and I would anticipate shortly thereafter the formal negotiations would begin.

With respect to what we referred to as SALT II, a lot of Americans seem to think SALT II was stalled out on the rocks of Afghanistan. Let me tell you nothing could be further from the truth. SALT II was dead in the American Congress before Afghanistan, and it fell on its own substantive shortcomings.

Now we are in the process of reassessing. It is President Reagan's policy to support arms control negotiations which are verifiable, which are balanced and just and equitable, and which bring about reductions—actual reductions—in levels of nuclear armament and don't provide functional highways for the continuing growth, which is one of the problems with SALT II.

So I anticipate these studies will continue on the U.S. side, that there will be discussions at the appropriate time, and that that timing itself is also going to be a reflection of that term "linkage," other aspects of Soviet international behavior, as it should be.

Q. Considering Richard Nixon's background in China, wouldn't he be the best man for Ambassador to the People's Republic of China?

A. Well—[Laughter and applause]

Certainly not an unserious or unimportant question—a very important one and very much justified, I think, by the former President's qualifications and background. But I don't anticipate it will be happening.

Q. Earlier this month an event occurred in which the repercussions have not totally been felt. This event in Europe is the election of France of a Socialist government in which the Communists will obviously have a part. This may represent once again the fall of France.

During the years of which the U.S. Government foreign policy has been based on appeasement to the Soviet Union, France has stood up against the Communists—in Africa and in the Arab Horn of Africa and in other Arab nations.

What now, since the Government of France has fallen, can the United States do to pick up the slack to stop the Soviet Union from continually expanding?

A. You've got a lot of very tough questions wrapped into one there.

First, let me tell you I would not necessarily accept the premise of your question that there will inevitably be Marxist participation in the Government of France under the Mitterrand electoral mandate. I think a very important aspect of that question will be arrived at in the parliamentary elections which will be coming late in the month of June. But frankly this is an internal question. The important thing to remember is that France is a trusted, a true, and invaluable ally and that the formulation of their internal government is France's business.

Needless to say, we will watch that with great care, and the outcome of the ultimate government will have an influence on ultimate relationships inevitably, as it always does. But I think at this juncture, it's far too soon to draw the kinds of conclusions that your question suggested.

Q. Can you tell if the United States would be willing to join the Soviet Union in a total withdrawal of forces from Europe?

A. Let me suggest to you there might be some anomalies, very dangerous ones, in that the United States is what?—how many thousand miles away?—and it takes months to build up forces. The Soviet Union is right on the border, and I could not imagine anything more self-defeating than a concept that would visualize total withdrawal of both sides.

If you're talking about total disarmament by both sides, why, that's another question which I'm afraid has certain ephemeral overtones that are mind-boggling for me to perceive.

If you're talking about the recent proposal in the CSCE [Conference on Security and Cooperation in Europe] made by the Government of France and belatedly supported by the U.S. Government after President Reagan came into office to support a confidence-building set of proposals in a zone from the Atlantic—that is, the European shores of the Atlantic—to the Ural Mountains where there would be notification of force movements that could be worrisome to either side, then we are in the process of supporting and fleshing out such a proposal today. Then I think it has certain values, and that's why I recommended to President Reagan that we join the French and the British and our other Western partners in supporting it.

Q. What is the current status in the Iran-Iraq situation? Is this a lull before the storm and perhaps Mr. Habib's next assignment, or do you see that it could go into a permanent funk here?

A. There are people being killed. There are people dying every day in this conflict. But the level and the intensity of conflict has been very, very low for an extended period.

American policy has been to be absolutely and strictly impartial in this conflict, and we intend to remain that way for the foreseeable future.

There are a number of efforts underway. I just met with our Swedish colleague, Olaf Palme, this past week in my office, and he has been undertaking, under the auspices of the United Nations, a peacekeeping effort. There have been also peacekeeping efforts by the Arab regimes in the area. Thus far there have been no signs of progress, and I would not predict any progress in the foreseeable future, but I think Mr. Habib will leave the Lebanon situation, delighted at the prospect of returning to that happy retirement that he just left, as a great patriot that he is.

Q. Poland now owes Western banks $29 billion. The total loans to the Third World and Communist nations are over $500 billion. A default by any of these nations could cause severe economic problems for our economy. What is being done so that we're not at the mercy of a blackmail situation, considering that many of our banks are holding these loans?

A. A great deal has been done. We've already contributed well over $500 million to the Polish Government in commodity credits. We have just joined the other 14 donor nations, which hold these debts you are speaking of, to defer for a year the outstanding interest or the carrying responsibilities of the Polish debt, which is in the order of magnitude precisely as you described it.

In addition to that, during the recent visit of the Deputy Premier to Washington about 3 weeks ago, we gave another $72 million of special rate food commodities. That's a substantial sum already provided to deal with the problem you raise, not only in terms of the internal problem but the debt-servicing problem as well.

We are now, I think, at the end of that road for this year with this recent deferral action. We do anticipate that the Soviet Union has a very heavy obligation, and not to look exclusively to Western industrialized nations to contribute to relieving these internal problems in Poland today.

Q. A lot of us have been watching Africa for the last 10-12 years, and we've been really concerned about Qadhafi over in Libya and all the things that he's done.

We've been reading now in the paper, and is it a possibility that there is a growing lack of support of Qadhafi by the people? And, if there is, would there be any possibility of the people succeeding against Qadhafi?

A. That's a difficult question. You are correct: How could it be otherwise, when the resources—and they are substantial—received by Qadhafi from his natural resources—oil—are almost exclusively diverted to the purchase of armaments, the training of international terrorists, and the conduct of direct interventionism in the neighboring states in northern Africa, the most recent of which being the invasion of Chad.

It's clear that the very modest population of Libya who witnesses these extravagant expenditures for objectives that do not meet their vital interests must be increasingly asking themselves whether or not they have a visionary as the head of state.

I don't have to tell you that we in the West are increasingly concerned about Mr. Qadhafi's lawless activity in a direct military sense and in his support for bloodshed and terrorism worldwide. As recently as 2 weeks ago, he again espoused the right of the Libyan people to destroy their opponents.

We don't mind the rhetoric, but when he applies assets, training, and indulges in work—even in this hemisphere and in these United States—which are reflective of that leadership, then we have a problem and one which we in the Western world are going to have to give increasing attention to and coordinate to deal with.

Q. Can we expect help from our Western allies in the whole fight against terrorism? Have they pledged their support to that?

A. I think there's a growing consciousness of the problem of international terrorism which is something different than the so-called wars of liberation. It's probably phase one of a war of liberation.

We have continued to be plagued. We've had four major hijackings to deal with since this Administration has been in office. I find a growing sense of concern. There was reference to it in recent communiques among our allies, and I think it's a question of leadership emanating from the United States. I am very comfortable that our Western European partners will work with us.

Q. My question has to do with the vote earlier this month in the World Health Organization when the United States cast the only opposing vote about the code of marketing breast milk substitutes. Considering your statements of how dependent we are upon the developing nations for resources, how do you perceive this kind of thing affecting diplomatic relations?

A. I think it's difficult to say, and I would make the broad observation that this is a difficult and was an anguishing question for the President and for the Administration—especially for our AID Administrator, Mr. McPherson.

We did feel that the forum is not appropriate to engage in that kind of a restrictive activity; and there are very, very serious and well-meaning people on both sides of that issue, as is always the case on tough decisions. I think it remains to be seen what the consequences wonder that U.S. trade representative Brock recently stated that "service trade is the frontier for expansion of U.S. exports."

At present, no coherent international framework exists for resolving trade problems in services. The Organization for Economic Cooperation and Development (OECD) in Paris has several ongoing projects to identify barriers to such trade. The United States strongly supports this work.

We will seek a political endorsement in June from OECD ministers to continue and to emphasize the ongoing work on services. In the longer term, we hope to pursue liberalized trade in services in multilateral negotiations. If we are successful, the insurance industry will reap substantial benefits. In the interim, we will continue to utilize existing bilateral channels for resolving specific problems.

Another challenge we must meet stems from the increasingly important role of the developing countries in world trade. Our trade with the developing countries has expanded rapidly over the past decade: imports by 25% per year, exports by 18% per year, compared with a 15% increase in trade with the developed countries. The developing countries as a group are now a larger market for U.S. exports than the European Communities and Japan taken together.

Within this group, a small number of countries often referred to as the "newly industrializing countries" account for three-fourths of developing-country trade with the United States. We seek to integrate these more fully into the international trading system. This involves insuring that they undertake obligations commensurate with their stage of development. This will help insure that the poorer developing nations are treated in ways appropriate to their less advantaged positions.

In addition, we will want to insure that the international community vigorously addresses investment incentives and performance requirements, such as those which mandate local content or exports as a percentage of production, and thereby distort trade. Both developed and developing nations will also need to avoid the temptation to negotiate bilateral deals to "lock up" supplies of raw materials or energy in return for commitments of investment or market access in processed goods. These practices serve to undermine the multilateral trading system and contribute to intense international friction.

Finally, we will press hard for agreement to significantly reduce, and hopefully eliminate, the subsidy element in government export credits. The large subsidy element in the export financing of many countries is a waste of scarce resources. It is practically absurd when one considers the fact that a large portion of the benefits of this folly go to industries in Eastern Europe, which compete with us, and the subsidy is paid by the Western taxpayer.

Third, removal of export disincentives and improved U.S. export promotion efforts are necessary components of U.S. trade policy. For too long we have failed to recognize the cumulative adverse impact on U.S. exports of inhibiting U.S. regulations and laws. The trend will be reversed. In this connection, the Administration supports the export trading company bill now before the Congress, as well as legislative action to modify the Foreign Corrupt Practices Act and to reduce the income tax burden on Americans working abroad. We need also to use the resources of State, Commerce, and Agriculture Departments more effectively to promote exports. I can assure you that the Department of State and U.S. ambassadors abroad stand ready to vigorously support U.S. exporters.

Underlying a successful U.S. trade effort must be a successful domestic economic policy. Our efforts to continue the progress made so far in developing a more orderly trading system and our efforts to respond to new competitive challenges will ultimately fail unless they are backed by a vigorous U.S. economy. We often are critical of Japan's vigorous export efforts. And it is true that Japan is frequently insensitive to the impact of their exports on others and that it has not fulfilled adequately its responsibility to open its economy to others.

But we should never lose sight of the fact that Japan's rates of savings and investment, its productivity increases and its technical innovations, are, more than any other factors, the reasons for its success. Unless the United States can reverse its weakening productivity, savings, investment, and research and development picture, even the most aggressive export promotion effort will be fruitless. And the self-defeating notion will take hold that the United States cannot compete and should, instead, shelter itself from foreign competition. Improved growth, investment, and productivity performance will, on the other hand, facilitate our ability to adjust to and compete in dynamic international markets.

International Finance and Investment

In an increasingly interdependent world, the smooth operation of the financial system is as essential to world prosperity as is trade. The two proceed hand-in-hand. Two aspects of international finance have an especially important bearing on our broader economic and foreign policy interests.

Role of the IMF. The first is the central role of the IMF in the "recycling" process. The 1979–80 oil price increase has allowed the Organization of Petroleum Exporting Countries (OPEC) to build current account surpluses, which reached about $120 billion last year. The counterpart to this enormous surplus was a $50 billion deficit among the industrialized countries and a $70 billion deficit among the non-oil developing countries.

It is expected that the OPEC surplus and the industrialized countries deficit will moderate this year. The combined current account deficit of the non-oil developing countries, however, may reach $100 billion this year, and this prospect raises questions about the future financial stability of these countries. Many of these countries have not adequately adjusted their domestic economic policies to the last round of oil price increases. Essentially, they have tried to finance growth, as many did successfully during the mid-1970s, through domestic credit expansion and external borrowing.

What distinguishes the current situation from that of the mid-1970s is that interest rates are now three times what they were and debt service costs now absorb 20% of the developing countries' export earnings, up from 13% in the mid-1970s. Private financial markets have thus far been able to channel adequate funds to deficit countries and undoubtedly will continue to play the predominant role in the recycling process. And the International Monetary Fund, through access to its own resources and its influence on the judgments of the private market, has effectively supplemented this for countries attempting to adjust in order to reduce serious payments imbalances. To strengthen its efforts, the IMF is increasing its resources—in part through borrowing from OPEC—and tailoring its conditionality guidelines to current requirements.

The United States is encouraging this expansion of the IMF's role and resources. We believe it is especially well placed to encourage countries to adjust their economic policies to current international realities. And this effort will also involve OPEC countries with a very constructive form of recycling.

U.S. Investment Policy. The second aspect is U.S. investment policy. This Administration believes that market forces rather than government fiat result in the most efficient distribution of investments. This Administration will not seek to influence the decision of an investor as between investment at home and investment abroad. But when a firm has decided to invest abroad, the U.S. Government will provide maximum support: such as making available information on market prospects, facilitating contacts with appropriate officials, and supporting company efforts to resist unfair treatment. Our policy calls for insistence on national treatment for U.S. enterprises abroad—i.e., that such enterprises be treated no less favorably than local investors; and for prompt, adequate, and effective compensation in the event of expropriation.

In those countries where they exist, we will encourage removal of unjustified impediments and disincentives to foreign investment—for example, in the tax and regulatory area. Our objective is not to force countries to accept U.S. investment but to insure that where investments are made, they are given equitable treatment. One of our major economic goals will be to win support—by working bilaterally through bilateral investment treaties and multilaterally in the OECD and United Nations—for the goal of an open and fair investment system.

Support for Economic Development

The last area of the Administration's foreign economic policy I would like to discuss with you today is our approach to economic development. The most visible part of our policy in this area is foreign aid. You are all familiar with the grim poverty which is a fact of life in many parts of the developing world and with the traditional humanitarian concerns which have been a strong motivating element in our aid policy from the start. Our aid programs also serve other interests which have been less prominent in our public discussions of foreign assistance policy. They bolster countries of strategic importance to the United States—notably in the Middle East. They are part of our relations with countries which supply critical raw materials. The economic expansion they support reduces the likelihood of long-term social instability in certain countries and increases market opportunities for U.S. goods.

The Administration intends to insure that our policies in this area accord closely with our tangible economic and security interests in developing countries. Our aid allocations will reflect these interests as well as our humanitarian concerns. Historically, our aid has been extended both as direct bilateral assistance and through multilateral institutions. We are examining the balance between these channels, in an attempt to insure that our choice of aid tools reflects the different interests our aid programs should serve.

The overall magnitude of our aid contributions will be affected by the Administration's economic policies, and, in particular, by the drive to reduce Federal budget expenditures. Consequently, this is a good time to recall that our policies toward economic development include other elements besides aid. In fact, while aid is the most important contribution we can make to many of the poorer countries, other elements of policy play a greater role in promoting the prosperity of many other developing nations. I would single out:

- Open markets and smooth adjustment to the exports of developing countries,
- Domestic economic policies that facilitate overall growth; and
- Access to capital markets.

We have dramatically increased our imports of developing-country manufactured goods over the last decade. U.S. imports from developing countries in 1978 were nearly nine times our official aid flows. The same type of relationship holds for all the Western aid-giving nations as a group. U.S. direct investment in the developing countries runs at or above the level of aid, and private capital markets provide bank loans and bond issues in an amount which far exceeds that of development assistance.

These factors suggest that we should pay greater attention to the role of the private sector in the development process. They also suggest that a favorable climate for investment, for attracting capital flows, and for encouraging exports—without trade-distorting subsidies—will be increasingly important in this decade. The Administration, in consultation with the business community, is reviewing what we might do to facilitate private sector involvement in the development process while fully respecting its private character.

Conclusion

Let me conclude by trying to pick out a few guiding themes for U.S. foreign economic policy.

First, we need to recognize the domestic impact of international economic policy, the international impact of domestic economic policy, and the essential relationship of both to our foreign policy and security interests.

Second, the Administration believes in the efficiency of the marketplace and has considerable skepticism about the effectiveness of government efforts to supplant it. This belief will affect our views on the policy tools appropriate for pursuing our economic objectives.

Third, close ties between the government and the private sector are essential in helping us develop and implement our international economic policy. Likewise, close cooperation with the Congress is essential. As international economic policy becomes increasingly important to our domestic economy and to our international political and security interests, so effective cooperation among the executive branch, Congress, and the private sector become imperative in the making of that policy.

Fourth, we are persuaded that the more effective integration of the various considerations which affect economic policy is essential to our well-being, both economically and politically. Energy security, vigorous exports and open and fair trade, a world investment climate which encourages the development of productive enterprises, smoothly functioning financial markets, and the sound economic expansion of the developing countries—these are the key requirements for an improved U.S. and world economy. They also are essential contributions to world peace and fruitful political relations among countries.■

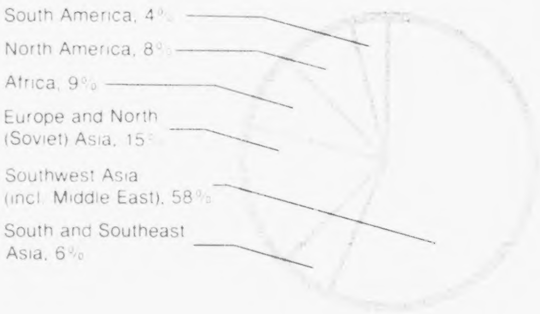
World Fossil Fuel Deposits

Fossil fuels are the world's main source of energy. Deposits are found in all continents but are not evenly distributed over the globe. At present consumption rates, known oil and natural gas reserves are expected to last for 30 to 50 years, coal reserves for at least 300.

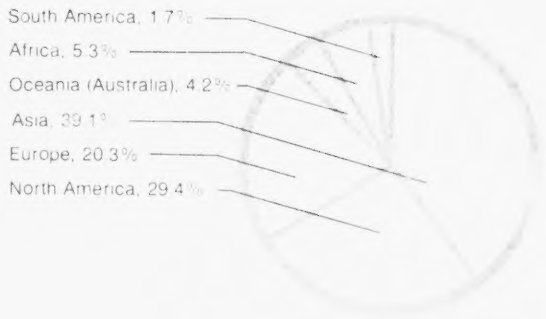
Fossila fuels supplied 90% of world energy needs in 1978 and are expected to supply more than 75% of the needs in the year 2000. The demand for coal has risen steadily since the oil price began its sharp rise in the early 1970s. While coal supplied 18% of world energy needs in 1978 (compared with 54% for oil and 18% for natural gas), it is expected to supply nearly 24% of world needs in the year 2000. It is estimated that the United States will then account for more than 50% of the world's coal output.

Economically Recoverable Reserves

Oil and Natural Gas



Coal



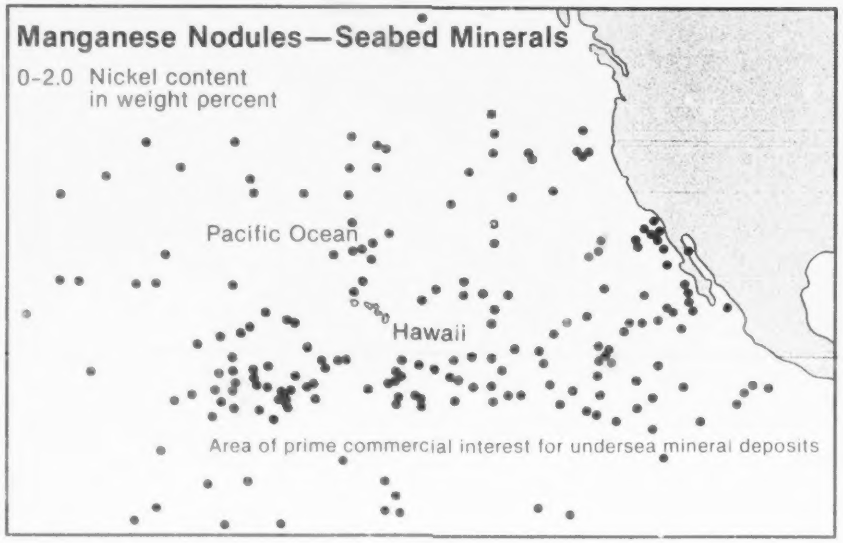
Oil and natural gas
Coal

Boundary representation is not necessarily authorit

Basic Mineral Deposits

Iron, copper, and bauxite are the most useful nonfuel minerals. The metals to which thay can be reduced (iron and steel, copper, aluminum and their alloys) are employed for many purposes in technologies throughout the world.

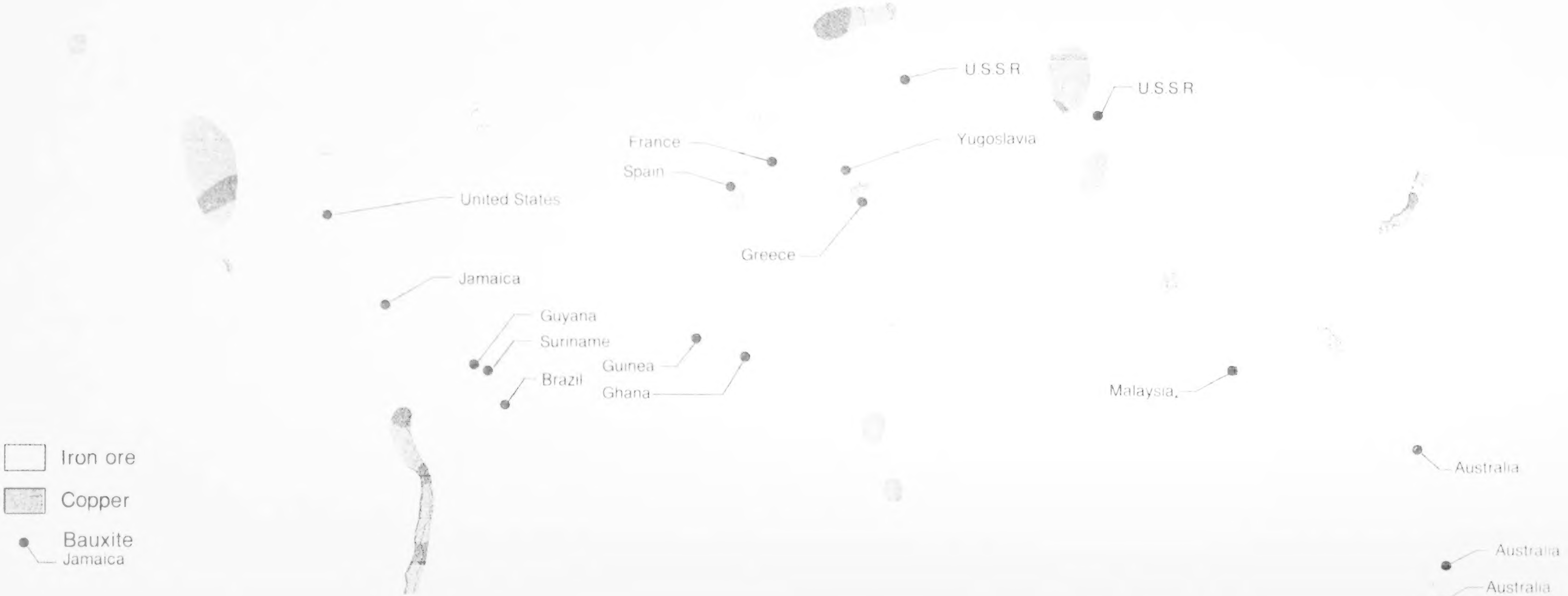
Iron ore occurs in large quantities in many places; the chief deposits are in Europe and North America. Copper ores are also found in all continents, with the largest reserves in southern Africa. Although bauxite occurs widely, most of the known commercial-grade deposits are in tropical or subtropical latitudes (notably Jamaica, Guyana, Suriname, Guinea).


Manganese Nodules—Seabed Minerals

0–2.0 Nickel content in weight percent
Pacific Ocean
Hawaii
Area of prime commercial interest for undersea mineral deposits

Seabed Minerals

A possible future source of useful minerals is the manganese nodules present in large quantities on the ocean floor. These nodules contain several metals currently in great demand—copper, nickel, and cobalt (in addition to manganese). Large-scale mining has n yet begun. The law governing mining the deep seabed, where most of the nodules lie, is not settled. Nor is there as yet any certainty that such mining will be economically feasible.


United States
Jamaica
Guyana
Suriname
Brazil
France
Spain
Guinea
Ghana
Greece
Yugoslavia
U.S.S.R.
U.S.S.R.
Malaysia
Australia
Australia
Australia
Iron ore
Copper
Bauxite
Jamaica

Boundary representation is not necessarily authorita

also oversees the efforts of several government agencies such as the Departments of Treasury, Commerce, and Agriculture to collect and analyze data on foreign investment.

Declaration and Related Decision on National Treatment

In 1976 the United States joined other OECD member governments in participating in the consensus adopting a declaration and related decision on national treatment. The declaration and decision were reviewed and reaffirmed in 1979 by a consensus of OECD countries in which the United States also participated. The declaration states in part "that Member countries should, consistent with their needs to maintain public order, to protect their essential security interests, and to fulfill commitments relating to international peace and security, accord to enterprises operating in their territories and owned or controlled directly or indirectly by nationals of another member country. . . treatment under their laws, regulations, and administrative practices consistent with international law and no less favorable than that accorded in like situations to domestic enterprises. . . . "

Since the declaration and related decision on national treatment were adopted in 1976, progress has been made toward refining the concept including a listing of those exceptions which now exist and their rationales. Continuing work is in progress with a stated goal of extending the application of national treatment over time. The Department believes that the very existence of the declaration and related decision has dissuaded member countries from implementing new derogations from the principle.

1920 Mineral Lands Leasing Act

The Mineral Lands Leasing Act of 1920 provides for a reciprocity test (30 USC 181) in permitting foreign interests to bid for Federal leases of lands for exploration and development of oil, gas, coal, phosphates, and certain other minerals. The Department of Interior administers the act, including the maintenance of a list of countries that have been deemed "reciprocating"—i.e., countries that grant to U.S. interests like or similar privileges for development of their mineral resources.

For its determination of reciprocity, the Department of Interior works with the Department of State to gather information concerning restrictions on mineral leases of foreign countries. For example, the Department of State has assisted in gathering the appropriate foreign statutes through our embassies overseas. Updated information on countries once designated as reciprocating is provided periodically. Information for countries not on a current list of reciprocating countries is sought on an ad hoc basis as needed for new determinations.

H.R. 2826

H.R. 2826 contains a provision which would place a moratorium on foreign investment in excess of 25% of the voting securities in a mineral resource corporation which meets certain criteria. The Department opposes this provision of the bill on investment, energy, and strategic materials policy grounds.

Investment. From the investment policy standpoint, such a moratorium would represent a probable exception to the principle of national treatment to which we have obligated ourselves internationally and toward which industrialized countries have been working for mutual benefit. More generally, the moratorium would be inconsistent with longstanding U.S. policy in support of free capital movements and might encourage the spread of economic nationalism to the detriment of all countries.

In addition, in an era when the United States must increasingly look overseas for important mineral resources, a moratorium on investment in our mineral sector could set an unfortunate example for other nations while at the same time discouraging foreign investment from helping to develop U.S. domestic resources.

Energy. We are also concerned about the implications of this provision for U.S. energy policy. A basic tenet of our international energy policy is the need to promote rapid development of alternative energy resources by oil-importing countries. U.S. coal reserves loom large in this picture because of the extensive supplies available. Many resource-poor countries have manifested interest in purchasing coal from the United States and have offered to provide capital in the form of equity investment to finance the expansion of U.S. coal production capacity.

We need this capital for several reasons. First, foreign investment in coal resources companies will stimulate U.S. output and employment. Secondly, it will reinforce foreign confidence in the United States as a reliable supplier of coal and assist foreign countries in expanding their use of coal in substitution for oil, thus assuring us of increased exports and also reducing pressure on the world oil market.

Strategic Materials. The proposed moratorium could also have unforeseen and possibly negative ramifications on investments by U.S. nationals overseas, particularly in strategic materials sectors. The United States is the largest investor in foreign countries and has been a major force in world mining development. The book value of U.S. direct foreign investment in mining stood at $7 billion as of 1979.

As we look to a future where the United States is likely to be increasingly reliant on imports for a number of crucial raw materials, it is apparent that we continue to have a major interest in maintaining maximum freedom of investment and capital flows in world mining. Not only will continued U.S. participation in foreign mining enhance the security of our future supplies, but without such investment from the United States and other industrialized countries, it is doubtful that mineral-producing developing countries will be able to meet the sharply increased capital costs of new mining investments.

U.S. Decision

Given these circumstances the Department believes that it would not be in the U.S. interest to enact a moratorium on certain types of foreign investment in U.S. mining companies as required by H.R. 2826. This action could be wrongly interpreted by other countries as a signal that the United States was moving toward an inward-looking policy on access to its domestic resources which, in turn, could make it more difficult for other governments to resist nationalistic pressures related to natural resources and lead to further foreign restrictions on energy and minerals investment. This would be the wrong direction for the world to move in an era of increasing interdependence and reliance on natural resources as a foundation for modern industrialized societies, and it could

Peaceful Progress in Developing Nations

Commencement address at Fairfield University in Fairfield, Connecticut on May 24, 1981.

All of us pray today for the Holy Father's full and speedy recovery. Only a few weeks ago, it was my great privilege to have an audience with His Holiness when I visited Rome for the NATO meeting. Our conversation covered many subjects. We talked about the search for restraint and reciprocity in East-West relations, efforts to reinvigorate the Atlantic alliance, and the President's economic proposals. I was struck by the Pope's knowledge of international politics and especially by his keen interest in the people of the developing countries.

Much of the world today is engaged in the drama of development and the search for social justice. That this struggle for a better life merits both our sympathy and our support cannot be in question. Its outcome affects our vital interests and, at the same time, constitutes a moral imperative. I want to explore today our approach to this challenging situation.

Recent American policy toward the developing countries has been influenced by three distortions: first, that we have nothing to offer beyond material assistance; second, that we are defenders of the status quo; and third, that intervention by the Soviet Union and its surrogates does not really matter.

American Principles

Does America actually have anything to say to the developing world? We sometimes hear it argued that our political institutions and economic system are irrelevant to the modernizing experience. There could be no greater mistake. America *is* important to developing countries. Our principles speak to their aspirations. Our accomplishments speak to their future.

Our own history demonstrates that independence, economic development, and individual liberties thrive together. The American Revolution was the first modern struggle for colonial independence. Once free, our diplomacy was dedicated to keeping us free. For these reasons, we Americans should understand the sensitivity of newly independent nations to anything that compromises their sovereignty.

We should also recognize that the process of modernization means more than simply anticolonialism. It includes the building of political institutions which are the best guarantee of the achievement of human potential. Here the United States offers a successful example of individual liberty, government by the consent of the governed, and a society under the rule of law. We believe that these principles foster the development of the individual, free to dream his own dreams and to work for a better future. This is no idle fantasy; our fathers and forefathers made it a reality.

Another argument we often hear is that the United States opposes change, that we are interested only in the preservation of our prerogatives. But a status quo of poverty and injustice must be repugnant to us as it should be to all nations. Thus we must recognize that historic change may be as desirable as it is inevitable. And we should also recognize that this change is most effective when it is allowed to occur in an environment of peace and stability.

Soviet Intervention

The third distortion—that Soviet intervention does not really matter—bears directly on this question of peaceful change in the developing world.

Some would argue that a policy to promote peaceful progress in the developing countries through economic and humanitarian assistance is enough. We are told that the developing nations will eventually turn to the West for the help they need—help that only the West can provide. We are urged to ignore Soviet intervention on the grounds that Soviet influence cannot last. It is, therefore, convenient to conclude that America can afford to be passive in the face of Soviet interventionism.

The trouble with this view is not with the facts but with the conclusion drawn from the facts. Yes, the position of the West *will* improve as the developing states turn from their memories of colonialism to their prospects for the future. This trend has already begun, and we are ready to foster it. But we cannot sit idly by in the face of illegal Soviet intervention which seeks actively to reverse this trend. There are compelling reasons for our actions in this regard.

Reasons for U.S. Action

First, we must be active because we want development to succeed. Development is one of the first victims of conflict. Scarce resources are devoted to arms. Energies better spent in building up are wasted in tearing down, and progress toward social justice is halted.

All local disputes are obviously not made in Moscow. Yet the Soviet Union has manifested a peculiar interest in conflict. Internal political struggle in the developing states calls forth the arms that Moscow produces in abundance, bringing an otherwise unattainable political influence. But the costs—and the human suffering—are paid by the local parties. Can we ignore such suffering today while waiting for the Soviets to lose their influence tomorrow? Restraining Soviet intervention is an urgent act—a task of humanitarian concern.

Second, we cannot ignore Soviet activity in the developing nations because our passivity alters the calculations of other countries. It makes further Soviet expansion or Soviet-backed destabilization appear to be inevitable. It gives the appearance—and it is no more than an appearance—that Marxism in the Soviet mode is the wave of the future. This has several implications for the policies of the developing states. Domestically, Marxism is seen as *the* vehicle for development, when in fact it is little more than a vehicle for keeping political control in the hands of a small elite. In foreign policy there is a tendency to adopt the slogans and positions of the Soviet Union as a form of accommodation to what is believed to be the wave of the future. We must challenge these myths.

Third, we must also recognize that Soviet interventions and meddling are not random. Moscow displays a keen interest in regions where there are strategic resources or routes vital to the economic well-being and political independence of the West. When the Soviet Union exploits local conditions for its own strategic aims, the problem is no longer local but a strategic threat to our own survival. We cannot ignore this threat.

Fourth, illegal Soviet intervention calls into question the whole range of our relations with Moscow. It violates the restraint and reciprocity we seek in our relations and makes a world order, governed by the rule of international law, all the more difficult to achieve.

We are, therefore, concerned by Soviet intervention because:

- It harms the prospects for development;
- It takes a terrible toll of human suffering;
- It alters the calculations of other nations;
- It threatens our strategic interests; and
- It makes unachievable a just and responsible relationship with the Soviet Union itself.

Ultimately, what is in jeopardy is the dream of an international system marked by peaceful change and the resolution of disputes short of war.

And as we assess these realities in the context of the dynamics of the developing world, our perceptions have sometimes been clouded by an artificial distinction between the goal of security and the goal of development. In fact, they reinforce each other. Security is the best environment for peaceful progress. Peaceful progress is the best antidote against outside exploitation of injustice or discontent. Our concern with security is an essential element of our commitment to peaceful progress.

It will not be easy to establish a more effective and responsible relationship with the Third World. And it is a mistake to pretend that we have all of the answers. But we must seek a more active and realistic policy, based on the relationship between security and development.

This relationship—between security and development—is a reflection not just of American interests but of fundamental truths about human, political, and economic development. We are a living, vibrant example of how the human spirit grows. Our legacy to each other and to the developing world must be to provide an environment in which such growth can occur worldwide. We must meet challenges to that growth with firmness and steadfastness.

As you assume the burdens of leadership—and you will be leaders—you will become the trustees of this legacy. I hope you will retain the unity of right reason and faith that you have learned at Fairfield. I hope you will remember, as university graduates, that America is a place where politics and freedom of the mind are compatible. And when you think of your country and its place in the world, I hope you will be guided by the words of Abraham Lincoln, who sought to discover the great principal or idea that had preserved this nation; it was, he concluded, "that sentiment in the Declaration of Independence which gave liberty not alone to the people of this country, but hope to all the world, for all future time."

Press release 155.■

News Conference of May 22

I want to say I just left Chancellor Schmidt, and I'd like to reiterate some of the observations he made to me, which I received his permission to do, before this group. The first comment would be that the Chancellor emphasized that he was 100% satisfied with the outcome of his visit here to Washington. He stated that he found no surprises which is a confirmation of the already intense level of consultation between Washington and Bonn. He said he found the President to be the man he thought he was: a thoughtful man of deep conviction; a man who recognizes the essentiality of sound, intimate relationships on a bilateral basis between Bonn and Washington; recognition of the importance of the alliance; and a keen recognition of the necessity to maintain an East-West dialogue in the period ahead.

I think the essential bottom line of this visit was a convergence of views between the two leaders. The question of Western policies, vis-a-vis the Third World, was explored in detail between the two leaders and among the staffs of the two sides, and there was a complete convergence there.

The question of the two tracks, the decision of December 1979 was discussed—the equal weight to both tracks and the confirmation that the United States would proceed and was already undertaking preliminary talks with the Soviet Union on the arms control track; the confirmation by the Chancellor that he was in full agreement and endorsed totally the contents of the Rome communique with respect to the two tracks.

I think the area of German defense contributions to alliance security was thoroughly explored. It is recognized that, while in general we in the United States would like to see all parties to the alliance do more in the face of worsening military trends, we also, clearly, recognize the great and continuing contributions of the Federal Republic of Germany to Western defense needs. This is an historic reality of over 10 years' duration.

Lastly, I think the Chancellor was able to effectively raise his concerns that we in Washington, as we undertake the revolutionary economic program of the Reagan Administration, do so with a clear awareness of the impact of American economics and economic policies on our Western family of nations. I think that this was successfully done and that President Reagan assured the Chancellor that we were keenly aware.

This is the essence and the bottom-line issues that were touched upon in the intensive 2 days of discussions, all of which are delineated in more specific and in very detailed terms in the joint statement which has been issued earlier today.

Q. In the recent time you have been talking to Ambassador Dobrynin three times, and as we understand it, you have been touching in those conversations the subject of theater nuclear forces (TNF) talks with the Soviet Union. Could you enlighten a little bit what your impression was about the response of Mr. Dobrynin in those three talks?

A. I wouldn't limit it to three talks. I've had quite a few more discussions, informally, with the Soviet Ambassador, Mr. Dobrynin. It was the last talk that was held about a week ago that I had in which I debriefed him on the outcome of the Rome discussions of the NATO ministerial and laid out in specific terms the program for the initiation of TNF negotiations, which we view as compatible with reality in the context of preparing ourselves, not only on the U.S. side but within the NATO family as well. And, as you know, there are some studies that we hope to have concluded before formal negotiations commence.

I emphasize that I will discuss the specifics, the modalities, and the timing will be of that decision for American diplomacy.

Q. I understand that the Reagan Administration looks favorably on the new Administration in Jamaica, Edward Seaga, and I was wondering if you could outline basically your policies toward Jamaica as a country and maybe tell us anything about any other planned assistance without popping off in public. And any other thoughts you might have on the Caribbean in general.

A. I think a reflection of President Reagan's interest in and support for the Seaga government in Jamaica was underlined by the reality that he was our first, official foreign visitor in Washington.

Of course, we are extremely interested in the future development of the Seaga regime, because it represents the first regime that has cast off in the Caribbean basin the extreme Marxist-Socialist approach to government.

Mr. Seaga inherited an economic shambles left to him by his predecessor. So we have been engaged in a broad-front program involving not only federal support for Mr. Seaga but, more importantly, activity in the private sector. At the time of Mr. Seaga's visit, I asked David Rockefeller, in behalf of the President, to chair a group of the private sector here in America. The Canadians have done the same, and they've been coordinating together to get private investment going into Jamaica, and with some promising success.

Just yesterday we got an agreement to provide the convention for Jamaica which the Prime Minister addressed in the Parliament yesterday. So I want you to know that we consider this to be a vitally important issue for the whole security of the Caribbean basin, that Jamaica succeeds as the model state that has cast off the shackles of extreme leftist activity.

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[1]Press release 176. ■

Secretary Participates in Foreign Policy Conference

Secretary Haig participated in a National Foreign Policy Conference for U.S. Editors and Broadcasters at the Department of State on June 2, 1981.[1]

First, I want to thank you for that warm reception, the kind I so richly deserve and so seldom receive. [Laughter] You know, I have been basking in the adulation of official Washington recently. Some of it has to do with my rhetoric.

The other day, when I was speaking to a group of editors here in Washington at their annual meeting, I was introduced by Mike O'Neill, of *The New York Daily News*, and he said, "Secretary Haig is the most articulate spokesman we have had in Washington since Dwight Eisenhower." [Laughter] And I said, "Thank you very much, Mike. That probably explains why I've never received a Pulitzer Prize. It may explain why I'll never have to give one back." [Laughter and applause]

But I want you to know things are getting better. There was a story in *The Washington Star* the other night that said, "Haig has now taken to reading the text, and he does it quite well. It's only when he gets to ad libbing in the question-and-answer period that everything becomes a shambles again." [Laughter]

So I want you to know, this afternoon I haven't brought a text; and I said there was a lesson to be drawn from that, as I fired my speech writer the other day.

I think one of the problems is communication and jargon. You know, I think back to my experiences in NATO and I was raised in the military discipline, so sometimes my military jargon is a little different. On this occasion, we had a specialist from *The New York Times* who was doing a study on "the military mind," and he spent 2 days in our headquarters interviewing military figures.

Finally, one night I took him on my helicopter to Bonn, from our headquarters in Mons, Belgium. As he got in the plane with his tablet, he leaned up and tapped the pilot on the shoulder and said, "Say, young fellow, when was the last time you've been out with a member of the opposite sex?"

The fellow looked at him and said, "I think it was about 1950."

He said, "You poor devil."

Then the fellow looked at his watch and said, "Well, it's only 2030 now." [Laughter]

So you see, sometimes it's just a question of the jargon.

There has been some comment recently that perhaps we have some confusion about our conceptual framework for President Reagan's foreign policy; and let me assure you, nothing could be further from the truth. We have, certainly, a fundamental objective that we seek—and that, first and foremost, is to help to structure an international environment that is hospitable, at least, to the values that we Americans cherish—freedom of the individual and the dignity of the individual in society.

We feel also that this can only be achieved in an international environment in which necessary and desirable historic changes occur within the accepted rules of international law and the mores of modern civilization, and not by resort to force, bloodshed, terrorism, and so-called wars of national liberation.

Now we have structured this on four fundamental pillars: the first of which is to recognize that the fundamental objectives will be unachievable until we establish a relationship with the Soviet Union that is based upon restraint and reciprocity in our dealings with them. We have concluded long since that such restraint and reciprocity must be accompanied by an improvement in the worsening military balances between East and West, and especially the United States and the Soviet Union.

The second pillar that we are structuring our foreign policy on is the recognition that the United States must refurbish traditional alliances—NATO, ANZUS [Australia, New Zealand, U.S. security treaty], and others—that we must establish a relationship with those who share common values with us around the world and do so with a greater level of consultation so that our own policies are perceived to reflect an understanding and sensitivity to the needs of our friends and allies worldwide.

That means that we have to eliminate systematically a number of contemporary aggravations, ranging in a number of functional areas from human rights, nonproliferation, and fundamental economic policies as well.

Thirdly, we believe that in the period ahead—and it is increasingly important in this period ahead—we focus on establishing a just and responsible relationship with the developing world.

In that process, we are acutely conscious of a growing trend in which Third World leaders and Third World people are increasingly leery of close association with the Russian Marxist-Leninist model which has brought with it merely bullets and armaments, a pervasive presence, and, in special cases where a strategic geographic objective is served, a client-state relationship. We are not about to proceed in our efforts to establish a just and responsible relationship with the developing world in such a way that we will have the practical consequences of reversing this growing favorable trend.

That underlines why the United States was one of the major contributors to Zimbabwe's aid requirements this past year. It underlines why this Administration was the highest donor to the black African refugee conference in Geneva 2 months ago. And it underlines why we are dedicated, within the general framework of U.N. Resolution 435, to seek an independent, internationally recognized Namibia—but to do so in a way in which it is clear that we also recognize the sensitivities and concerns of the Government of South Africa in this process.

Lastly, and the fourth pillar upon which we structure our foreign policy today is one in which we clearly recognize that the United States cannot proceed to reestablish its modified, though traditional, leadership role internationally if we preside over an economic shambles here at home and that a key aspect of successful foreign policy is an orderly, productive, domestic economy. That is a fundamental aspect of Reagan foreign, as well as domestic, policy.

As we look at the prospects for the achievement of the objectives I have outlined under the four pillars we have cited, of course the jury is still out—as it will be for some time. But I think we go about our task with the clear recognition that there is an historic change here in America. There is a new consensus among the American people, the American legislature, and the executive branch to roll up our sleeves and get back in an active international role and to provide the assets in the military sector that are necessary to insure our effectiveness in that role.

Now I want to tell you that this Administration, those of us here at the Department of State, and I know the President, are acutely aware that we have a responsibility not to abuse this new-found consensus which is so promising for America. Therefore, we go about our tasks with a great degree of diligence and perhaps not so much conceptual "hoop-la" as some would like.

But while the jury remains out, I am certainly optimistic that we are making progress along all the lines I have just listed.

Q. The warnings that the Administration gave to you in regards to the weapons to El Salvador have resulted in less weapons coming into El Salvador. However, we still know that some weapons are going. We have the situation in Grenada where a submarine and a big airport—military airport—is being built. What else can the United States do to stop Cuba as a center of subversion for the Central and the Caribbean areas?

A. I think it's always prudent not to lay out explicitly in a public forum contingency planning and future planning, because it usually reduces your flexibility to execute it in the first instance—and that is certainly not untrue of this particular situation.

It is true that our policies with respect to El Salvador have had the practical consequence of reducing the flow of illicit arms into El Salvador today. But they have not terminated, and, indeed, there are high levels of worrisome armaments flowing, especially into Nicaragua but also into such territories as Guatemala, Honduras, and Colombia.

History never tells what would have happened if you had pursued another course; but several of the local and international figures that I have spoken to recently have suggested that had we done something less than we did in El Salvador, we might be facing another totalitarian regime there today.

I think it is awfully important, with the controversy associated with this issue, that we recognize that the level of assistance to El Salvador has thus far been very, very modest in dollar terms, especially in the security-related area. We are talking on an order of magnitude of military trainers of about 50 to 55—some of whom have already been withdrawn. But this level of assistance is roughly one-third of what we have been providing in the economic support area to that government.

It is clear that Castro's Cuba continues to engage in subversive activity throughout the hemisphere. It is clear that we have laid out clearly the unacceptability of this activity in a long-term sense to the United States and, I think, to many of our allies in the hemisphere. It remains to be seen whether or not the Cuban leadership—which is itself plagued with economic dilemmas of a tremendous character at home—is going to continue to indulge in this activity which is not limited to this hemisphere but which involves the exportation of troops to the Continent of Africa—literally thousands of miles away—where they are also engaged in similar activities.

I would say that it is important for all to recognize that this does not meet the vital interests of those who share our conception of a world that permits peaceful, historic change and welcomes it.

In the period ahead we will be engaged in additional measures designed to deal with this—and we are going to deal with it, not in an exclusively security-oriented fashion but rather with a clear awareness that we must also deal with the situations, the cause, effects, that make insurgency and external interventionism possible and acceptable in the target areas. That means economic and social development. These will be the twin approaches that we will pursue, but I am going to avoid referencing any specific measures.

Q. I am from Miami. I was with the assembly of the ASNE [American Society of Newspaper Editors], and I asked you about the intervention of Castro in Central America. And now I have to ask you something about the news that appeared this morning in *The Washington Post* about the Soviet tanks that have been sent to Nicaragua and to Central America. That means that the Nicaraguan Government is receiving very heavy armaments from the Soviet Union. Am I correct?

A. First, I think you are referring to a newspaper report.

Q. Yes. [Laughter]

A. I am not being critical, but I am going to be very careful about making reference to newspaper reports which I

U.S. Subscription to the World Bank

by Ernest B. Johnston

Statement before the Senate Foreign Relations Committee on April 21, 1981. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.[1]

I appreciate the opportunity to appear again before the committee to discuss an important part of President Reagan's foreign assistance program: the U.S. subscription to the $40 billion general capital increase of the World Bank [International Bank for Reconstruction and Development (IBRD)].

For over 35 years, World Bank loans to countries of importance to the United States have raised productivity, stimulated economic growth, and contributed to political stability. For example, in its early years, the Bank was instrumental in raising capital to rebuild the war-torn economies of Western Europe and Japan. Today, these countries are again strong and prosperous and are key members of the Western alliance. They are also major contributors to the ongoing work of the World Bank.

Promoting Economic Progress

More recently, the World Bank has concentrated on the difficult task of fostering economic growth in the developing nations. Here, too, its lending has made a difference. Partially as a result of its work, the economies of such key countries as Finland, Greece, Iceland, Ireland, Singapore, and Spain have progressed to the point where they no longer need Bank assistance. We expect other major borrowers will also graduate from Bank lending during the 1980s.

One reason for the Bank's success in promoting economic progress is that it is fundamentally a market-oriented institution engaged in lending for development. It is not a welfare agency. Its projects must generate a stream of goods and services which exceed in value the cost of the resources utilized. They should also stimulate further growth by creating the conditions for additional investment, both private and public. The Bank is by far the largest multilateral development institution. Although it lent about $7.6 billion in 1980, it provides barely 1% of total investment in the developing countries. Therefore, if it is to be effective, it must act as a catalyst for development. A few examples of projects financed by the Bank in 1980 illustrate the point.

- The Bank lent $63 million to Brazil for a rural development project with a total cost of $184.6 million. The funds will be lent to about 30,000 small farmers and 1,100 nonfarm enterprises. In addition, the project will provide improved agricultural extension services. It is expected that the value of the production of the small farmers will increase by about $30 million annually in constant prices.
- In Indonesia, a $116 million bank loan will help to increase the production of basic food crops by about 234,000 tons a year. In addition, 800,000 farm families will benefit from improved irrigation, drainage, and flood protection systems. The total project cost is $186.7 million.
- A $60 million loan to Korea will be relent to small- and medium-sized private companies to meet the foreign exchange costs of their investment projects. The loan supports the government's policy of promoting a greater regional dispersal of employment opportunities. Twenty-five million dollars is earmarked for small, labor-intensive ventures.
- In Swaziland, a $10 million loan, combined with $5 million in local funding, will improve the access of rural and underprivileged children to education by financing the construction of 31 primary and 6 secondary schools, as well as providing textbooks and teacher training. The loan will create 11,000 new places at the primary level and 2,600 places at the secondary level.
- A $15.5 million loan to Fiji will reduce the country's dependence on imported energy by doubling the size of a dam and financing the costs of additional generating equipment. The total project cost is $50 million, with bilateral donors providing a good part of the rest of the funds.
- A Bank loan of $42.5 million to Tunisia will provide one-third of the funds necessary to expand two ports so that they can efficiently accommodate traffic up to the year 2000. The funds will be used to dredge access channels; construct new quays, jetties, and warehouses; and purchase cargo-handling and workshop equipment.

Promoting Rational Use of Local Resources

The World Bank does more than lend development capital. For most of its borrowers, it is also an influential adviser on economic policy. With its substantial financial leverage, particularly through the use of program loans, the Bank encourages developing countries to follow policies based on the workings of the market and the rational use of local resources. This serves our long-term interests because it promotes economic efficiency and, thus, growth and stability. It also leads to a more open international economy from which developing and developed nations—including the United States—can benefit.

The general capital increase will double the resources available to the Bank from $40 billion to about $80 billion and permit it to continue its important work through the mid-1980s. Although our share will amount to about $8.7 billion, or 22% of the total, the actual cost to the United States is relatively small. This is because the other donor countries, many of which used to borrow from the Bank, will provide several times more than we do. The budgetary cost is sharply reduced because only 7.5%, or $658 million, of our total subscription will be paid in cash. The rest will be in the form of callable capital guarantees. These would be used by the Bank only if it could not otherwise repay its debts.

In over 35 years, the Bank has never made a call, and the chances of it doing so in the future are extremely remote. The reason is that the Bank's loans are based on sound economic performance criteria and on adequate rates of financial and economic return. As a result of this leveraging, each dollar the United States pays in to the capital increase will support up to $65 in loans to promote economic growth and stability in the developing world.

Maintaining U.S. Leadership

I want to stress the importance that the U.S. subscription to the increase must not be cut. We have already made the only cut that could responsibly have been made. We plan to stretch our subscription over 6 years instead of requesting appropriations and program limitations for the full amount in FY 1982. This will reduce the impact on the FY 1982 budget by $548 million. But appropriation of the full $658 million over the next 6 years is necessary if we are to honor our commitments to our allies and to the developing countries. To do less would risk a permanent loss of our veto over amendments to the World Bank charter and a relinquishment of the U.S. leadership role in the Bank. This must not occur.

I want to mention completion of the authorization for U.S. participation—as negotiated—in the fifth replenishment of the Inter-American Development Bank and the second replenishment of the Asian Development Fund. Apart from the value of the work of these regional institutions, full participation is very important because if we expect others to keep their promises to us, we must surely meet our agreements with them.

As I stressed in my March 25 statement, the Administration is committed to an all-out effort to pass the legislation in support of the multilateral development banks. This bill is particularly important because:

- It will improve the prospects for economic growth and political stability in developing countries and thereby help our security and well-being;
- It will contribute to expanded international trade and investment;
- It is cost-effective; and
- It reaffirms the willingness of the United States, even in a time of severe budgetary strictures, to continue in a strong international leadership role.

S.708: A Viable Foreign Corrupt Practices Act

by Ernest B. Johnston

Statement before a joint hearing of the Subcommittees on International Finance and on Securities of the Senate Committee on Banking, Housing, and Urban Affairs on May 20, 1981. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.[1]

Thank you for allowing me to comment to the subcommittee on S.708 and to express the State Department's support for that bill. We believe S.708 will lessen some of the undesirable consequences of the current Foreign Corrupt Practices Act, which create problems in our foreign relations and unnecessarily cut down U.S. exports.

Bribery by American citizens and firms works against the foreign interests of the United States. It harms the good name of this country, and it is contrary to the principles which our people hold dear. Though corruption may be more prevalent in some countries than it is in our own, Americans do not wish to have our citizens associated with it.

Corruption of foreign officials is not in the long-run interest of our companies. Bribery does not add to the number of goods being produced. It does not increase the goods being consumed. It is a cost which either must be shaved off profits, passed on to the consuming public, or shared—for the enrichment of particular individuals at the cost of society. Such payments can also corrode political stability and good relations.

Side-Effects of the 1977 Act

The 1977 act has had three undesirable and, in some cases, unintended side-effects.

First, many U.S. firms do not clearly understand which acts are proscribed under the Foreign Corrupt Practices Act in its present form. This has caused some companies to retrench their export efforts.

Second, it has placed U.S. firms at a disadvantage in relation to their foreign competition.

Finally, investigation and prosecution tend to raise extraterritorial issues which are difficult to reconcile with widely varying local laws and customs.

Reports from our Foreign Service posts indicate the act has had a restraining effect on U.S. exports, although the amount is impossible to quantify. Congress envisaged that some exports would be lost as a consequence of the act. However, ambiguities associated with the act also have caused law-abiding firms to forgo legitimate and profitable transactions. Business executives frequently err on the side of caution, often on the advice of counsel, in order to avoid any possibility of a violation of the act. For example, last year our Embassy in Muscat reported that a U.S. firm apparently lost a \$20–\$30 million deal largely because of delays caused by a lengthy internal review to determine the application of the act to the proposed transaction. Clarifications contained in S.708 regarding proscribed acts will greatly facilitate the ability of Americans to make timely decisions and to compete more effectively.

The second side-effect derives from the fact that while U.S. firms are constrained by U.S. laws, foreign firms may operate without such restraints. There is no other exporting country with a law which has the extraterritorial reach of the current act. The current act, because of its broad sweep and lack of clarity, also gives the impression that American business is basically corrupt and a great corruptor of others. S.708 should lessen somewhat the unjustified competitive edge which foreign firms have enjoyed.

Finally, the 1977 law attempted to lay down strict rules for our firms but failed to take sufficient account of varying national standards. Charges against a U.S. firm may bring into question the honor and integrity of local officials without regard to local laws and customs. Simply put, the problem is one of balancing two competing interests: restricting potentially harmful business practices overseas by U.S. firms while refraining from imposition of our own standards on others. The approach in S.708 achieves such balance by excluding actions which are legal in a specific country and by permitting customary, lawful payments to facilitate or expedite transactions. It will go far to meet the genuine concerns of our business people, while reducing our own censorious judgments on standards other countries choose to set for themselves.

Sections 2 (B)(5) and 10: Illicit Payments Agreement

The State Department agrees completely that we must continue to seek a solution at the international level. The United States has vigorously pressed the negotiation of an international agreement on illicit payments since 1976. Although a U.N. Economic and Social Council (ECOSOC) committee completed lengthy preparatory work on a largely agreed-upon draft agreement on illicit payments in 1979, the ECOSOC and the U.N. General Assembly have each failed

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Major Food-Producing Areas

Although cropland makes up about 10% of the Earth's surface; it is not a fixed quantity, as it can be reduced by erosion or diversion to other purposes or enlarged by clearance and drainage. Cropland is unevenly distributed among countries and in relation to population. The United States, the U.S.S.R., India, and China have almost half of the world's cropland. But on a per capita basis, India and China rank far below Australia, Canada, and Argentina. The United States and the U.S.S.R. have an approximately equal amount of cropland per capita.

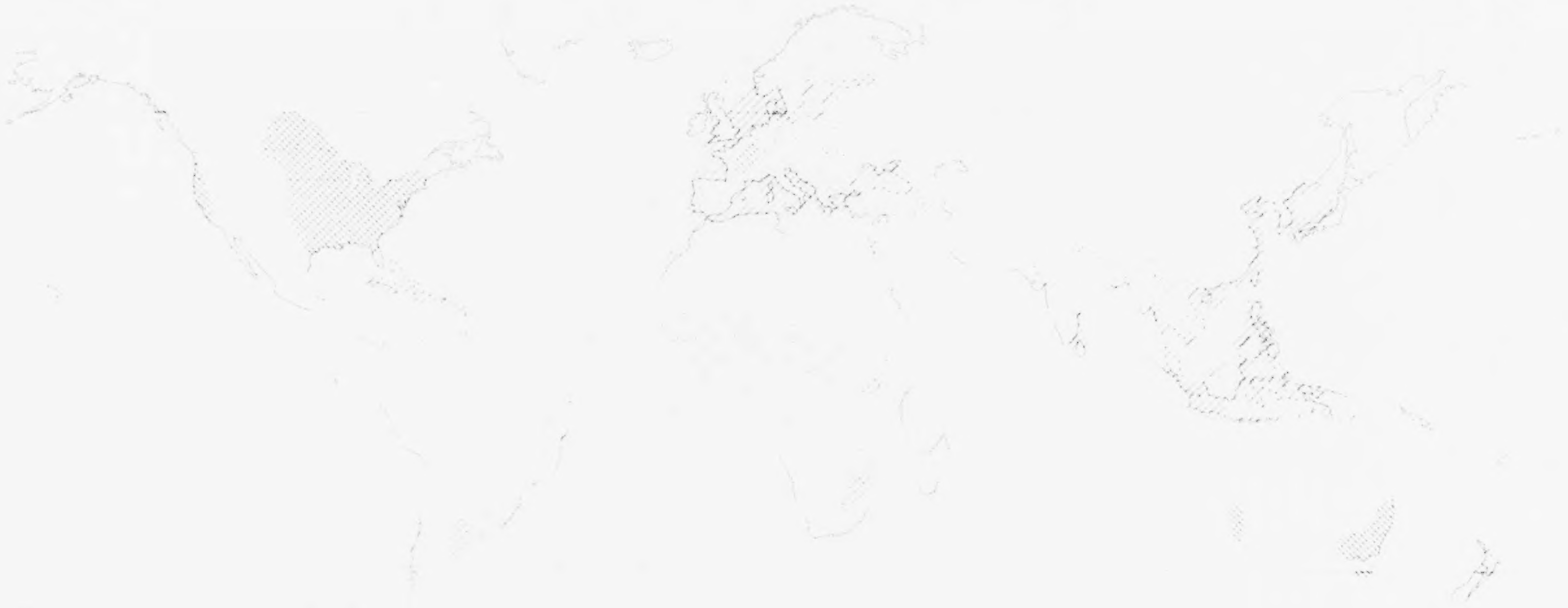
Some heavily populated countries rely to a large extent on fish products. In Japan, fish account for 25% of protein supplies. The most abundant fishing grounds lie within 200 miles of shore. As fish are harvested here not only by fishermen from the coastal country but from other countries employing long-distance fishing fleets, there has been a long history of fishing disputes and international efforts to clarify fishing rights. Many coastal countries have legislated a 200-mile fishing zone in which other countries are permitted a limited catch.

Based largely on USDA, *A Graphic Summary of World Agriculture*, 1964, and Council on Environmental Quality and Department of State, *Global 2000 Report to the President*, 1980

☐ Major crop and meat producing areas

▨ Areas with significant exportable crop surplus

☐ Significant fisheries



Boundary representation is not necessarily authoritative

Leading Food Producers

An important aspect of food production in a crowded world is not just who produces the most, but which countries have a significant surplus to export. The four largest countries—China, India, U.S.S.R., and the United States—predictably produce the most food, but their patterns differ greatly.

China, with nearly one-quarter of the people in the world, produces about one-third of the rice but less than one-eighth of the wheat. The result is that China can export rice, but must import wheat.

The U.S.S.R. is the world's largest wheat producer, but because of generally low farm productivity cannot produce enough food for its own people. Consequently, it has become the world's largest grain importer.

The United States, as the world's largest producer of corn, meat, and soybeans, and the second largest producer of wheat, is the world's largest food exporter. More than one-half of American wheat and soybeans, and one-quarter of American corn and rice are sold abroad.

Other important food exporters are found among countries that do not rank at the top of the total production tables, but which are able to grow significantly more food than is consumed by their own people. These include Canada, Australia, Argentina, and France.

adversely affect long-term mineral prices and the availability of strategic materials to the United States.

To summarize our views on section three of H.R. 2826, the State Department opposes the proposed moratorium as contrary to U.S. international obligations on national treatment of investment, inconsistent with longstanding U.S. policy favoring an open investment climate and on the grounds that it creates a potential precedent and justification for retaliation by foreigners against U.S. investment abroad, particularly in the strategic minerals sectors which are vital to our national interest. If the proposed legislation is motivated by a concern over maintaining U.S. control of our mineral resources, the Department of State believes that adequate authorities are already available under existing legislation, especially the Export Administration Act and regulations established thereunder, which are administered by the Department of Commerce in consultation with the Department of State and other agencies. Foreign-controlled firms operating in the United States are fully subject to, and accountable under, U.S. laws and regulations.

Another provision of H.R. 2826 provides that the Secretary of the Interior, in consultation with other appropriate Departments, should undertake a comprehensive study of indirect foreign investment in mineral resources on lands owned by the United States and to report to Congress. The Department opposes this provision as unnecessary. Legislation need not be enacted for the Administration to proceed.

We urge the Congress in its consideration of this bill to be mindful of the large stake the United States has in the efficient functioning of the international investment system. The Department opposes the legislative requirement for a comprehensive study of foreign investment in mineral resources on United States lands, and we oppose the proposed moratorium on foreign investment in mineral resource corporations. We believe that the United States has more to lose by suspending free investment in our minerals sector than we can hope to gain through a moratorium.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Strategic Petroleum Reserve

by Robert D. Hormats

Statement before the Subcommittee on Energy and Mineral Resources of the Senate Energy and Natural Resources Committee on May 8, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.[1]

This testimony is particularly meaningful for me both because it is my first as Assistant Secretary for Economic and Business Affairs and because it addresses a subject which I consider of profound importance to the interest of the United States. In my judgment, the international energy situation presents the most serious threat to the well-being of this country, and the industrialized democracies as a whole, in this decade. It raises the potential for sharp price increases and supply interruptions, which would seriously disrupt our societies and our economies. And it causes vulnerabilities which could weaken the very foundations of our alliances and our political cooperation.

As this country moves toward the imperative of dramatically reducing its dependence on imported oil over the longer run, we must take bold and purposeful actions to enhance our energy security for the immediate future. Filling the strategic petroleum reserve at the highest feasible rate, especially during this period of market softness, is essential to that security. Failure to do so would be a mistake of historic significance.

I know that many members of this committee need no convincing on this subject. In fact, many of you, quite appropriately, have been critical of the executive branch, in the past, for not filling the strategic petroleum reserve. That is why this is a particularly constructive forum in which to explain, in some detail, the importance of adequate financing for the strategic petroleum reserve in order to reinforce the momentum, recently established, toward achieving overall fill objectives.

Structure of the International Oil Market

The structure of the international oil market has changed significantly over the last decade. In 1973–74, less than 10% of OPEC's [Organization of Petroleum Exporting Countries] oil flowed outside the majors' channels. The companies were then able to act as buffers between producers and consumers. They had the flexibility to allocate oil, based on changes in demand and supply, among their markets.

Since that time, the situation has changed substantially. OPEC countries have, to state the obvious, steadily assumed greater control over production and price policy. Less obviously, these same countries have assumed increasing control over sales and distribution channels. Today over 45% of crude oil traded by OPEC is handled directly by producers. Trading by the major oil companies has increasingly been reduced by OPEC direct sales to foreign governments. In addition, destination restrictions, by which some OPEC countries prohibit the resale of their oil outside certain designated areas, have become more common. Thus, the ability of the majors to manage a curtailment of production has been significantly reduced.

At the same time, events during the last 2 years have shown us that the potential for disruption is real and ever present. In 1979, when stocks were well below normal, the Iranian revolution caused that country's production to drop sharply—from an earlier peak of 6 million barrels per day (b/d) to less than 1 million b/d for a short period. Companies and governments engaged in defensive stock building. Spot-market prices shot upward.

The war between Iran and Iraq again disrupted world supplies. About 3.8 million b/d were lost almost as soon as the war broke out. Had stocks not been unusually high and consumption on a downward path, or if Saudi Arabia and other countries had not raised their production, prices might have risen further.

The Present Situation

Given this recent history, we should draw little comfort from current oil surpluses. Our oil lifeline is fragile; it will remain so for years.

This nation, along with other oil importers, is vulnerable to disruptions caused by wars—such as that between Iran and Iraq and the 1973 Arab-Israeli war. We are vulnerable to disruptions from internal turmoil—such as the strikes and chaos during the Iranian revolution. We are vulnerable to deliberate cutoffs of oil designed to apply political pressure by particular exporting countries. And we are vulnerable to disruptions caused by accidents—such as a ruptured pipeline, the sinking of a ship in a strategic strait, or a fire in a major refinery complex.

Importance of the Strategic Petroleum Reserve

Our reliance on insecure sources of supply has led this Administration to place a high priority on energy security. A great deal of time and effort already have been spent on reexamining energy security alternatives.

One alternative for reducing our vulnerability has already been put into action. The President's prompt action on oil price decontrol will further reduce U.S. oil imports. U.S. imports of crude oil and products peaked at 8.6 million b/d in 1977. Through 1980, they had fallen an incredible 27%. This year will also show another substantial drop. Unfortunately, the reduction in oil imports alone is not enough. We are still vulnerable to supply interruptions.

To cope with this situation the Administration has begun comprehensive reviews of energy security issues. We are examining the emergency sharing program of the International Energy Agency (IEA) to see what changes, if any, may be needed; we are studying our own domestic contingency planning; and we are again reviewing the role the international oil companies can play in conjunction with IEA in alleviating the effects of supply interruption.

Though not yet complete, our energy security review has come to one clear conclusion: that a sizable strategic petroleum reserve is vital to our energy security effort in order to counter the potential effects of an oil-supply interruption.

The Administration is committed to carrying out the existing plan to build a strategic petroleum reserve of 750 million barrels. We believe that protection against unforeseen shortages must begin with an effective reserve. The benefits are significant. A strategic petroleum reserve could:

- Substantially shelter the United States from the effects of a severe supply interruption. A 750-million-barrel reserve and existing private safety stocks could offset the loss of 3 million b/d in U.S. imports for a full year;
- Act as a deterrent to threats of an oil cut-off for purposes of political blackmail; and
- Provide a measure of flexibility in dealing with a supply crisis or in conducting the diplomacy needed to eliminate the cause of the disruption. If we can draw on a strategic reserve for a period of months in the event of interrupted imports, our response to the situation can be a more measured one; our diplomacy can proceed in a less pressured atmosphere, and we may, as a result, have more options available to us.

International Energy Agency Member Countries

Australia
Austria
Belgium
Canada
Denmark
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

What We Need To Do

Regrettably, despite the clear need, one could not characterize the history of the reserve as smooth and steady progress. As many in this room know only too well, filling the reserve has been an on-again-off-again proposition. While Congress authorized a 500-million-barrel reserve in 1975, as of mid-1980 we had only 92 million barrels in storage.

We are still far from what I would consider an adequate reserve at this moment. However, the fill rate has dramatically increased. Under this Administration, a very successful effort has been mounted to buy oil on the open market. We have already bought enough oil so that the average for the fiscal year will exceed 200,000 b/d. and more purchases are underway. The strategic petroleum reserve now totals above 132 million barrels; excellent momentum has been established.

Now is an ideal time for rapidly building our reserve. The world oil market is slack; oil is widely available at relatively modest prices. I do not need to recall for this committee the sorts of pressures that exist internationally against filling the reserve when the oil market is tight. Many important producers, not to mention our fellow oil consumers, are concerned about the potential price consequences of our filling in a tight market. While I believe we have learned from past mistakes and can manage these pressures more effectively, it remains true that it is far easier to maintain a sustained fill rate in a slack market. Once established, a higher fill rate can be more easily accepted as an ongoing feature of the market.

These steps are required to continue this excellent momentum.

First, approval by the Congress of DOE's [U.S. Department of Energy] supplementary request for $1.3 billion for purchases of oil this fiscal year to be delivered next fiscal year. These funds would make up for money which is not being received because the entitlements program was cancelled upon decontrol. The reserve had been partly funded by payments received from U.S. refiners through the entitlements system, which was scheduled to continue through September. Entitlements payments evened out the impact on U.S. refiners and the reserve of differing levels of reliance on price-controlled domestic crude and uncontrolled or imported crude.

Second, assured, continuous financing for the reserve for the FY 1982 and beyond.

I realize these programs are expensive, and in a time of budgetary restraint, expenditures for the strategic petroleum reserve loom large. Questions as to whether the reserve should be on-budget or off-budget and whether it should be publicly financed or privately financed have been appropriately raised.

My colleagues from Treasury, DOE, and OMB [Office of Management and Budget] have already addressed the financing question. The overriding concern from my Department's perspective is that there be an assured source of funding to purchase oil for the reserve.

We may never have a better opportunity to act to enhance our energy security. Market conditions are right. Storage is available. The international political climate is favorable.

The strategic petroleum reserve is an important part of our energy security program. It is admittedly expensive. But consider the enormous economic problems and security consequences of facing a major disruption of supplies and not having adequate reserves to protect our strategic interests. It is a risk that the United States cannot afford to take.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

for the formal negotiations with Foreign Minister Gromyko at the United Nations, and nothing in those discussions would suggest that the Soviet side is not ready and willing to participate on that schedule, all with a view toward having formal negotiations commence by the end of the year. Of course, this is a two-sided situation. We can't just lay out categorically on our side when these talks will start. It will take a convergence of views, and I'm sure there are considerations on the Soviet side as well.

Q. One of your recent congressional visitors quoted you as saying there's been a massive flow of arms into El Salvador again. Is this true? Is he quoting you accurately? And are you doing anything or do you plan to do anything about cutting it off at the source?

A. I think in the first place, that's what I'd call a straw-man attack on a straw man because I never made such a statement. There were only two occasions when such a statement might have been made: one was a meeting before the House Foreign Affairs Committee, and it did not occur there. Another was a breakfast for a group of Republican members, and what I did say was that the flow of arms into El Salvador dropped off after the highlighting of that flow and certain actions that the U.S. Government took.

Then the major level of that flow from Nicaragua to El Salvador, especially the airlift of those arms, had dropped off or perhaps terminated, and that there were now signs that different routes were being used to introduce arms into El Salvador, not at a massive level—and no one has said such a thing—and that there is also some indication that there is a fragmentation of the flow, that it is not just going exclusively to El Salvador, but we find it going into other target areas: Honduras, Guatemala, and recently the revelations about Colombia are very clear to all. I also made the point that the level of arms flowing into Nicaragua itself was substantial and had not terminated.

Q. When you say that the President is about to maintain the East-West dialogue, is that restricted to talks about strategic weapons, the TNF talks which are about to begin, or do you mean by that a wider scope of dialogue with the Soviet Union? And, if so, could you please tell us what the scope of it would be?

A. I don't think it's good diplomacy to lay out the content of exchanges conducted in diplomatic channels. But I will suggest to you that we have already, Mr. Dobrynin and myself, been engaged in a number of discussions involving a number of substantive issues, and there are very few that have not been discussed in the context of the affairs that concern the United States and the Soviet Union, both bilaterally and in East-West terms in a broader sense.

Q. Could you tell us what the preparations are concerning future SALT [Strategic Arms Limitation Talks] talks, which are of interest in context of the TNF talks?

A. The question was "What is being done about future SALT talks?" And the answer to that is that the U.S. side—and the Soviet Union is aware of this—is engaged in an intensive overall review of the broad strategic arms limitation subject. That review has not been concluded; and until such time as it is concluded and approved specifically by the President, we are not prepared to enter into bilateral discussions with the Soviet Union.

Q. Last week you said that time was running out in the Lebanese crisis. Now the President is quoted as saying that Mr. Habib has made considerable progress on his mission. Has, in fact, the crisis in Lebanon subsided? And, if so, how did this come about?

A. No, the crisis has not subsided. It is clear it remains very, very delicate. It is also clear that there are time constraints for a solution. It is also clear that we continue to maintain a level of hope that a peaceful solution will be arrived at.

The great difficulty of situations of this complexity is that public statements by one side or the other, or of officials who are participating in providing good offices or whatever term you care to apply to the U.S. effort, sometimes complicate the outcome you seek. And that hasn't changed with respect to the Middle East situation. So we are being necessarily very circumspect about how we express publicly the details of the talks that have been underway. May I, finally, say that as long as the President's emissary is active in the region, we have hopes that a peaceful outcome is achievable.

Q. It has been widely understood that you and Secretary Weinberger presented a well-documented picture of the Soviet threat to the NATO assembly recently in Brussels and in Rome. My question is: Wouldn't it be possible and helpful for public opinion in Europe to publish on the same scale a well-documented threat assessment in the same way that may be more successful than the white book on El Salvador that was published?

A. I think this is a question that involves alliance policy. It is a question, of course, that requires a consensus among the member states of the alliance, and, as you know, it's not a new issue in NATO. During my incumbency I recall that it came up repeatedly. I do recall also that—I think it was 1977—we had some very detailed briefings presented in each of the capitals, that were prepared by the intelligence branch of the NATO staff in Brussels, with a very high impact on those who witnessed it and saw the facts as they were presented.

I think in this case I would not want to get out in front of our NATO colleagues and impose my views publicly but rather suggest to you that this issue has been under discussion.

Q. This morning it was reported that the State Department had conducted some kind of a review of the charges that Dr. Lefever [Ernest W. Lefever, designate for Assistant Secretary for Human Rights and Humanitarian Affairs] was involved in some element of a conflict of interest. Today we were told the State Department had not conducted any such review, and I'm wondering why not if, indeed, there are members of the U.S. Senate who believe that there is an evident conflict of interest in his case? And what is your position on his appointment at this time?

A. Clearly, Dr. Lefever is the President's candidate for the important post he's been nominated for, and we continue to have confidence in Dr. Lefever and hope that he will be duly confirmed.

With respect to your other question, I'm not fully up to date on it. I did see the article. We are concerned when allegations are made, whether they are substantiated or not, and I can assure you that we are very much aware of them and are not investigating in the context of the question that you asked or the article, but we are fully aware of them and looking into them.

Q. We learned this morning that on his way back to Bonn, Chancellor

Schmidt would make a touchdown in Paris. Do you want any special message to be conveyed to [French] President Mitterrand, or are you preparing yourself to go to Paris yourself very soon?

A. First, I think the President [Reagan] at the request of the Chancellor provided him a message. I would leave unpublic if it hadn't been stated so already, so the Chancellor has already asked the President if he could convey some message. Clearly, I am very anxious at the earliest possible time when my counterpart is announced and appointed—and I think that happened today, did it not? It was supposed to—to meet with my counterpart at the earliest possible time, but I had nothing definitive on that other than to suggest that your question is both timely and pertinent.

Q. There has been an undercurrent of criticism from this Administration of some of the European allies on the grounds of an alleged rise of pacifism or antiatomic-weapon feeling in Europe. Is that still a concern of the Administration? Was that issue addressed when the President met the Chancellor, and is there a greater sense of sureness of our allies' staunchness?

A. I don't like to indulge in value judgments about the internal affairs of allied countries. I have seen some of the speculation, as have you, and, incidentally, we have some of that in this country. It's associated with a number of issues, from peaceful uses of nuclear energy, to the MX-basing controversy. It's not unusual in open, democratic societies.

I think the answer to your question is that we have a Rome communique which addresses those aspects of this issue that involve Western European security, which is evidence of the unanimity of view and the dedication of the member governments of the alliance to proceed with the necessary modernization of our theater nuclear capabilities, along with the other aspect of the dual track that we've already touched upon.

While no one is complacent about both justified concerns in opposition and those that are not justified, I don't see any reason for us to be unduly alarmed at this juncture. And I don't think there was any excess laboring with that problem during this visit.

Q. The Chancellor in Washington raised the prospect or the proposal or the idea of the United States initiating a new Marshall Plan for the assistance and help of the countries in Central America and the Caribbean, with the support of Venezuela and Mexico, under the condition that those countries which would be assisted would not accept arms from the Soviet Union or Cuba. I wonder how your Administration is reacting to that idea.

A. You're talking about the comments of the Chancellor in the Congress?

Q. Yes.

A. The Chancellor spoke to me about this issue, and I think he had discussed it with the President of Brazil during that President's visit to Bonn last week. It is very compatible—although I don't want to get ahead of reality here—with our thinking here in the State Department and in the interdepartmental deliberations on this geographic region that have already taken place and have been underway for a period of about, I think, 12 weeks now. We will have something on this in the very near future which will, again, show some convergence of attitude.

Q. Since we last met, we have had a visit from the Prime Minister and Foreign Minister of Japan. After going back home, our senior ally in Asia lost its foreign minister because of the word "alliance" being used in the communique. And there has been a series of disclosures about American nuclear weapons in Japan. Could you address yourself now as to what the United States expects of Japan in the way of this alliance and to these stories that the United States, in violation somehow of our commitments, had placed nuclear weapons in Japanese waters?

A. I think, first, I would like to describe this controversy as an internal matter in Japan, primarily and exclusively. That doesn't mean that certain unfortunate coincidences of events have not converged to complicate and perhaps intensify this problem.

I don't think it serves any useful purpose for me here in Washington to, if you will, intervene in an important, internal political situation and debate in Japan other than to underline for you that it was not, according to my understanding of the information we have received officially, a consequence of the term "alliance" in the joint statement. It had to do with the timing and the release of that statement and some internal difficulties within the Japanese bureaucracy.

The point I would like to make in answer to your question is this: We still consider that the visit of the Prime Minister to the United States was a highly successful one, that the term "alliance" itself underlines the compatibility of outlook with respect to our basic values, those in Japan and here in the United States. I believe that the period ahead is going to demonstrate a continuing improvement in strengthening the Japanese-American relationships, despite the current problems inside Japan.

Q. Would you address yourself to these stories about the nuclear weapons?

A. I will, to the degree that I play for you that famous old record of every Administration official that has ever been asked this question since the period of the 1960s. I think perhaps it was that Mr. Ellsberg [Daniel Ellsberg, former Defense Department official] or somebody recalled, I think it was just yesterday, and that is that we do not discuss the presence of nuclear weapons on foreign territory.

Q. Would you consider to speed up the timetable of negotiations with the Soviet Union if this would make it easier for Western European governments to implement a decision?

A. That is a question that really has no fiber. The simple facts are that if we had started the talks with the Soviet Union, we have a lot of preliminary work to do, both here in the United States unilaterally and within the NATO family—the two studies that were agreed to be conducted in the Rome session. And, clearly, we're after concrete results, not artificially established timetables. I think that this pace that has been agreed upon and the broad outlines of it, which is rather flexible at the far end, as you know—it says "by the end of the year"—provides for the necessary flexibility for the two sides to decide jointly when and where they want to start the formal negotiations.

Q. On that same point, do you see any problem in the modalities for the TNF talks? For example, would the United States have any objection to the inclusion of forward-based

haven't had an opportunity to study and don't know the source of that report.

I can say this categorically: We have been watching with increasing concern the levels of sophisticated armaments being provided to the Government of Nicaragua, transshipped from Soviet, Eastern European, Libyan, and ultimately through Cuban assembly areas into El Salvador.

And we are also concerned about the high level of manpower being assigned by the Sandinista government in Nicaragua to purely military duties—both in the active sense and at an extremely high level in the reserve sense. We do not see any threats in the local area that would justify that level of manpower, nor do we visualize a requirement for the sophistication in the level of armaments that we see have already arrived and which we understand are programmed to arrive. Let me just leave it there.

Q. On the board outside this room, under your name, are 44 policy-level posts in the State Department. There are only 16 names opposite them. Is that enough people to run the store? Are you satisfied with that? And what is holding up the implementation of your staff?

A. Not at all. But don't let that list deceive you. These are fellows that are through the system, formally confirmed, and are at their desks in a confirmed status.

Almost every vacancy, from the Assistant Secretary level up, has been filled. I think we only have one that remains to be filled. But the process of running them through the Hill confirmation process—with other legislative agenda items facing the committee—

And I would not be exaggerating a bit to suggest that some of our conflict-of-interest rules that have emerged in recent months or years are mind-boggling in the administrative burden that they impose. But we are well-staffed, well-manned, and are functioning every day. Some of our fellows sort of back into the pay table because they haven't had their rank formally assigned. [Laughter]

Q. Are we sending arms to Afghanistan and, if we're not, why aren't we?

A. There again, there's an old bureaucratic game that when you're asked about sensitive questions and when you're talking about contingency planning, the very act of discussing them publicly makes it impossible to pursue them. I would have no comment on that subject.

Q. You don't think that the American people are entitled to the answer to that question?

A. I think that's a hard way of putting the question which would be tantamount to: "When did you stop beating your wife?" So I'm not going to answer in the context of your question. But I do think that the President has commented on this subject, and I think I commented on it in a recent interview in *U.S. News & World Report* where I said the President said if the freedom fighters were to ask for assistance that we would be very serious about considering meeting that request.

I say the issue involved here is a double standard. It is clear the Soviet Union insists, and has historically and categorically insisted, on its rights to support such freedom movements or liberation movements in target areas of their selection. It hardly seems consistent that they could oppose such activity on the part of the West under similar circumstances.

Q. One of the first issues you faced as Secretary of State was the Russian grain embargo. At first you were not in favor of pulling that. Since this is over, what's your reaction to its effect?

A. When the President heard my views on it, when he made his decision, I supported that decision fully and completely. I have the luxury as the Secretary of State to confine my advice to the President to exclusively foreign policy-related considerations. Needless to say, early on I was opposed to lifting the embargo on those grounds.

But the President is President of the United States, and he must make his decisions on a full range of considerations and interests. First and foremost of those interests was the fact that the President had consistently and categorically opposed the grain embargo prior to his election and committed himself to lifting it if he were to be elected.

He does not squander his words lightly, and frankly I don't think he should. I can also suggest consistency in my own view. I was opposed to the grain embargo when it was imposed. I was opposed to it because I had lived with the experiment with the grain embargo in the early 1970s, and we shot ourselves in the foot. It's too narrowly based a sanction. It asks only one segment of the American society to bear the burden of the sanction.

More importantly, it even had long-term foreign policy implications, because had we continued with the grain embargo as some of our Western European partners and other partners worldwide were less enthusiastic—some didn't join in the first place, some dropped off—there would have been an increasing disunity evolve in foreign policy terms, as only a few "hung tough," if you will. Even from that point of view it was a tightly balanced judgment. I think the President made the right decision. I support him fully.

Q. The EEC [European Economic Community] is going to become involved in Northern Ireland because many of its members see it as a potentially grave threat to both itself and NATO. The British Government is now spending $2½ billion a year in both subsidies and security in Northern Ireland at a time when we hear that it may reduce its naval NATO force as well to about 15 ships. And we have an Irish-American constituency in this country of between 16-20 million people, including, I believe, yourself.

Given all these considerations and many more, why does our government—why does the Reagan Administration—insist on treating this as an internal British matter?

A. I think precisely because it is that. That does not suggest that there aren't external forces involved from time to time in one or another aspect of this anguishing problem. But I think it's clear that this is a problem that must be worked out internally by the parties. It's an historic agony for those parties and has been. One might make the case if there were not a Great Britain playing the role that it's playing there today, we might have to create one to prevent a blood bath.

I think what we are all interested in is patiently and sympathetically to do all we can in an empathetic way to seek a resolution to these historic problems but to recognize that they are internal and that for a public official in my position to make offhand public comments about it only aggravates a problem which needs no aggravation; so I won't do it.

Q. When President Reagan said that: "We will transcend communism rather than to contain it," was he suggesting a new foreign policy slogan,

possibly like detente or containment? And, if so, what does "transcending communism" really mean?

A. I wouldn't presume to speak for the President; he does very well at it himself. But I think he was suggesting that those charges from time to time that we were guilty of fixation with communism are less than enlightened critiques of our concerns.

I think we do believe that recent Soviet activity internationally is probably the greatest threat to world peace that exists today, either directly or in exploiting historic tensions that exist today in this period of transition.

I think he has also made the point—and I have made it—that this is not a Soviet Union that is relieved of the burdens that any nation has; and, in the case of the Soviet Union, they are probably historically unprecedented today—in agriculture, economics, in the areas of systematic effectiveness of the Marxist-Leninist system in the Soviet model.

They are heavily engaged in a no-end conflict in Afghanistan, which certainly did not turn out the way those who proposed that that aggression take place visualized. They are today engaged in the support of 200,000 North Vietnamese troops in Kampuchea in a no-win conflict which is costing the Soviet Union about $200 million a day. They are faced with the mind-boggling complexities of the situation in Poland.

I think all of this suggests that as we pursue our relationship with the Soviet Union, we must do so with a clear recognition that they, too, are plagued with many fundamental challenges and problems. It isn't a simplistic question of building up enough armaments to force them to do our will, as some would suggest our policies represent. That is not the case at all.

The thrust of your question, I think, suggests that perhaps there are other issues with which we will have to deal, and I cited three of them in three of the pillars.

Q. Would you care to comment on Prime Minister Begin's statement that there is a limit to how long Israel can wait for success in the diplomatic efforts being exercised to solve the Syrian missile crisis?

A. I don't make it a habit at a time like this, when the United States is engaged in an intensive effort to preserve the peace such as it is and shaky as it has been in that difficult area of the world, to indulge in comments about public statements from one or the other parties to the conflict.

I think what we have suggested in our efforts to maintain peace and stability, to at least achieve in the near term a return to the *status quo ante*—and I'm talking about a return to the situation that has existed *de facto* and formally as well since 1976—is to work on those problems and, hopefully, to relieve them.

I do think there is a time limit. There is a time limit because there has been a change in the *status quo*. From that point of view one might say that there is some urgency—although I don't call it an immediate sense of urgency—but there is a time limit to achieving some progress, and I'm hopeful we will.

Q. Your second pillar was refurbishing traditional alliances. Given your experience as a military commander at NATO and our recent request of Japan that they do a little bit of helping, are you pleased with the European attitude toward its own defense, and isn't it about time Uncle Sam stops being leaned on as heavily by the Common Market, as it were, militarily? Or am I wrong in that assumption?

A. First let me answer your question by suggesting that I believe the worsening trends between East and West require that all of us do a bit more in the defense sector. That is not to suggest that we're totally helpless and behind today but rather that these trends are increasingly worse, and they need tending.

One thing that bothers me frequently is the charge that Americans make that our European partners are not carrying their share of the burden. I heard it for 5 years in my position in NATO-Europe when congressional groups and others would come over, pound the table, and say: "We're going to get equal sharing of the burden."

I would always say, "Let me remind you, my friend, that over the last 10 years, NATO partners in Europe have increased their expenditures for security needs by some 22%." The United States, on the other hand, until this past year where our defense spending increased, had declined and decreased in its contributions to the NATO alliance by 13%.

The point of departure was drastically different, because at the onset of NATO, the United States did bear most of the burden, our Western European partners having been the victims of a conflict that had just been concluded. But as they built up their ability to do so, they have taken increasing burdens.

I think it's important for Americans to remind themselves about this alliance —NATO. When I was in NATO, if I had gone to war, I would have gotten 90% of my ground forces from European powers, 80% of my air forces, and 75% of my naval forces from European powers. It was a very cost-effective operation and remains one for the United States.

I think it was my old friend Jim Schlesinger who had a study made when he was Secretary of Defense to analyze what it would cost the American taxpayer to get an equivalent level of security if we did not belong to NATO and we did it on our own. He estimated that we would have to double our outlay of gross national product to defense needs without the benefits of the NATO alliance we have today, so it's a very cost-effective endeavor.

Q. I hate to bring you back to a report in the newspaper again. There are, however, some of us who still have a little faith in those journals.

A. So do I, incidentally.

Q. But I'm talking about the report the other day about the changes in the wind, apparently a leak out of the State Department, in the U.S. relationship with the Government of South Africa. Would you care to comment about the leak? Would you care to comment about what changes might be forthcoming?

A. First, let me suggest that the leaks were atrocious and appalling to me. It has sometimes been to me inconceivable that public officials on the public payroll feel they have a right to protect their constituted leadership from itself because leaks don't just happen; they are in many instances executed in order to set up backwashes and to prevent policy decisions.

With respect to those papers, let me also advise you that these were both outdated and, in some instances, very low-level staff effort papers—in one instance not—and they are not necessarily a reflection of American policy in southern Africa today, nor were they ever.

Having said that, let me establish for you those policies. Those policies today are, under U.N. Resolution 435, to for 2 consecutive years to take any action to conclude an agreement. This was largely due to the insistence of the developing countries on linking an illicit payments treaty with the code of conduct for transnational corporations. The United States and its major Western allies consistently opposed such linkage.

At the Venice economic summit in June 1980, the U.S. Government made a commitment to work in the United Nations toward an illicit payments agreement but, if that effort faltered, to seek to conclude an agreement among the summit countries, open to all, with the same objective.

After the fall of 1980, the General Assembly failed to reach agreement on the treaty. The U.S. representative stated that the United States intended to consult with other interested states regarding alternative means of achieving a treaty outside the United Nations. The Administration has been considering the best way to proceed to secure such an international agreement, and we intend to confer with other interested nations in the coming months.

While we cannot now predict the final form of any international agreement, we will strive for positive enforceable, objective criteria that can be clearly applied by governments and adhered to by business. Legislation along the lines of S.708 will significantly enhance our efforts to achieve this objective.

The sense of the Congress will be an important force in our efforts. The Department of State has noted the language in the bill regarding reports to the Congress, and I can assure you that we intend to consult fully with you.

I am pleased to associate the Department of State with the Administration's support of this bill. We look forward to continuing dialogue with Congress as this legislation moves forward. S.708 provides a more realistic standard for U.S. corporate activities overseas, will alleviate an impediment to U.S. exports, and will enhance our efforts to reach an acceptable international arrangement on illicit payments.

International Investment Issues

by John T. McCarthy

Statement before the Subcommittee on Mines and Mining of the House Interior and Insular Affairs Committee on May 7, 1981. Mr. McCarthy is Acting Deputy Assistant Secretary for Economic and Business Affairs.[1]

I am pleased to be here today to present the State Department's views on international investment issues as they relate to H.R. 2826 which is now before the committee. The United States has long favored an open international investment climate which we believe has served us well by facilitating capital flows and promoting the efficient allocation of resources throughout the world. When capital is free to move without hindrance, all nations can benefit through expanding world output. The State Department is concerned with the implications of the proposed legislation for U.S. policy in three areas: investment, energy, and strategic materials. Because H.R. 2826 legislation would have a direct impact on investment in certain sectors of the U.S. economy and a potential impact on U.S. investment abroad as well, I would like to begin with brief remarks on the overall U.S. posture toward foreign investment.

U.S. Investment Policy

U.S. policy for many years has been the same for both inward and outward investment—the United States neither promotes nor discourages international investment flows or activities. This does not imply lack of interest toward international investment; we believe that increasing levels of global investment are essential for all economies to grow and prosper. It means, however, that we seek to minimize government intervention in the decisionmaking process related to individual investments.

This policy rests on our belief in an open international environment for global economic relations in which market forces rather than government fiat result in the most efficient distribution of investments. Such a policy calls for U.S. application of the general principle of national treatment for foreign enterprises—i.e., foreign enterprises are treated no less favorably than U.S. investors in like situations. This is a central element of both our bilateral relationships—in particular under treaties of friendship, commerce, and navigation and our multilateral relationships—especially in the Organization for Economic Cooperation and Development (OECD)—and we attempt to promote the broadest possible acceptance of the principle of national treatment by other governments.

Government Protection

Among the benefits of increased direct investment flows are more jobs, more capital, transfers of new, improved technology and management skills, increased production, and greater competition.

The government has means of overseeing investment in order to protect national security and other vital interests. U.S. law provides a number of safeguards which are designed to protect our essential security and other interests. The vast bulk of this legislation is nondiscriminatory, applying equally to all investment in the United States regardless of the nationality or ownership. Some of these laws do constitute exceptions to national treatment but are widely recognized as legitimate restrictions justified on essential security or other grounds.

Foreign investment is restricted, for example, in sectors of the U.S. economy relating to national defense, nuclear energy, transportation, and exploitation of federally owned land. A number of states also have their own limited restrictions on foreign investment in such areas as banking, insurance, and land ownership. And, of course, the Congress has provided the President with extensive authority and policy guidance on the control of both imports and exports.

In addition, the U.S. Government monitors trends in foreign investment through the Committee on Foreign Investment in the United States. The purpose of this group, chaired by the Treasury Department, is to monitor the impact of inward investment, including the review of foreign investments which might have major implications for U.S. national interests and to coordinate U.S. policy implementation. The committee

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Economics—Part 1

This section presents a collection of maps and charts illustrating some of the elements and institutions of the world economy. It is intended as an introduction to the graphic materials on world trade and investment and on development assistance scheduled to appear in subsequent issues. Emphasis in this section is on natural resources and population. The obvious message these graphics convey is that major economic resources and strengths are unevenly divided among the world's nations and regions.

The maps on international organizations published in the June 1981 Bulletin used the terms industrial democracies, Soviet bloc, and Third World—terms that have as strong a political as economic connotation. A threefold classification of nations also is used here, but the three classes are identified by terms derived from the domestic economic system and stage of economic development, i.e., "developed market economies," "centrally planned economies," and "developing market economies," A few countries, notably China and Yugoslavia, do not fall precisely into any of the three categories. China is described as "evolving in the direction of market socialism."

With the maps on natural resources, our intention is to show the distribution of resources that are essential to the world economy as a whole. Hence our choice of major food-producing areas, mineral fuels that are the main sources of energy, and minerals that are reducible to metals that have many common applications throughout the world. Not included in this section are minerals essential to some advanced technologies and to industries in the United States and other more developed countries. These will be treated in a subsequent section on trade and import dependence.

Population is covered in several maps because of its intimate connection with economics. Our purpose is to provide basic facts about population distribution, international migration, and other population movements that affect current world economic conditions and pose problems for the future.

Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. It is written and compiled in the Bureau of Public Affairs by Harry F. Young and edited by John C. Kimball.

Population Distribution

Population is the ultimate economic resource. For it is people who create and consume economic values. Population is unevenly distributed over the globe. This is due first of all to the physical barriers such as extreme heat or frost and poor soil which limit the habitable, or densely habitable, areas. Distribution is also influenced by the many historical, cultural, and social factors that affect the birth rate, death rate, and migration.

THE 10 MOST POPULOUS COUNTRIES
(WORLD RANK—122 Countries)

	Income* (per capita GNP) 1978	Steel Production** 1977	Net Food Importer or Exporter 1979
China	100	5	EX
India	107	15	IM
U.S.S.R.	20	1	IM
United States	5	2	EX
Indonesia	84	—	IM
Japan	12	3	IM
Brazil	33	14	IM
Bangladesh	121	—	IM
Pakistan	100	—	IM
W. Germany	4	4	IM

* Based on figures in World Bank, *World Development Report*, 1980, excluding oil-exporting Saudi Arabia, Libya, Kuwait.
** U.N., *Yearbook of Industrial Statistics*, 1977.

☐ 0–25 Less than 25 persons per square mile (except towns and cities)

☐ 25–125 Persons per square mile

☐ 125–over Persons per square mile

Boundary representation is not necessarily authoritative

Urban Growth

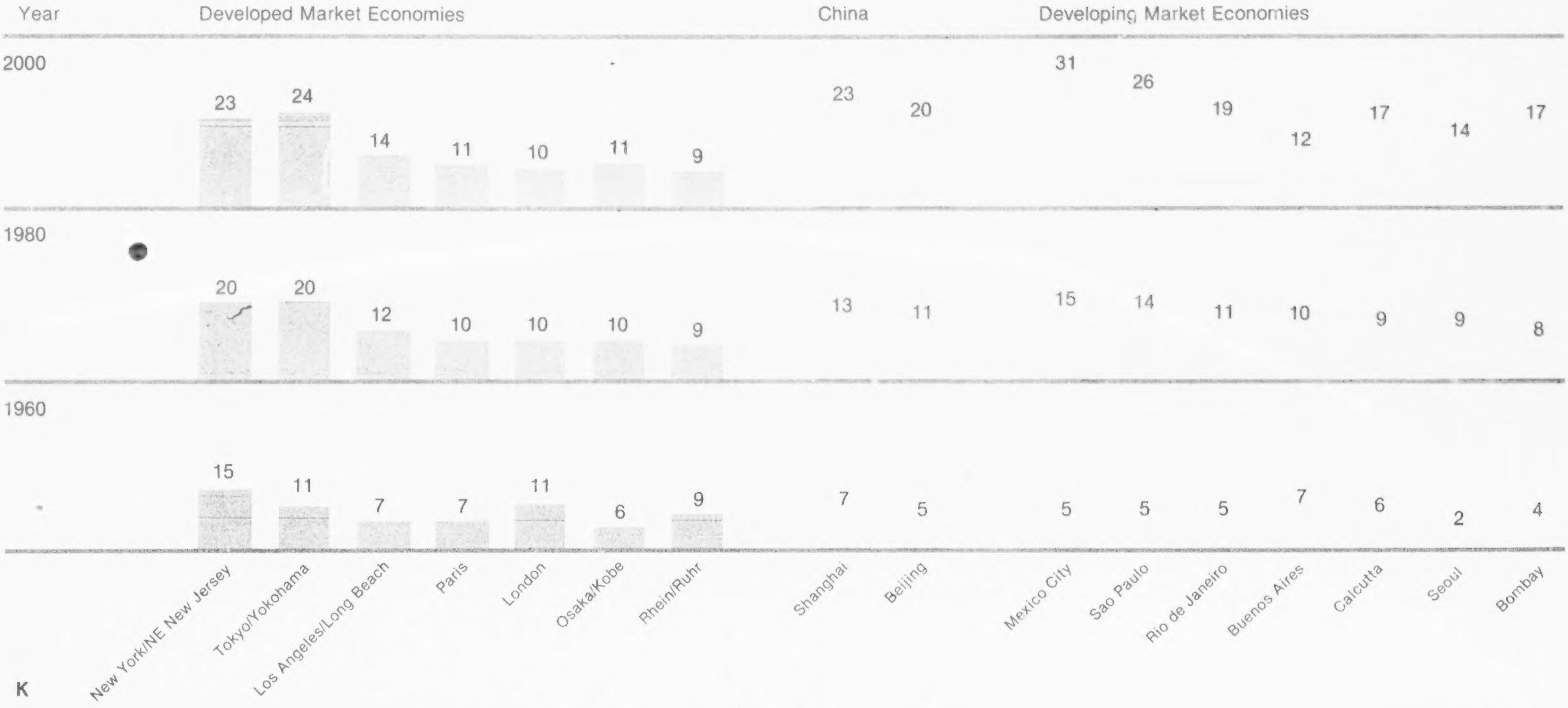
Towns and cities in the 20th century have everywhere grown rapidly. But the most rapid growth is now taking place in parts of the Third World, especially in middle-income Latin American countries where already more than half of the population is urbanized. Estimates are that by the year 2000 three-fourths of the population there will be living in towns and cities. High birth rates are a major source of urbanization. People are also increasingly attracted to urban centers because of better employment and educational opportunities resulting from industrialization.

Population and Industry

The world's major industrial regions are located in densely populated areas—Japan, Western Europe, and Northeastern United States.

Source: U.N., *Patterns of Urban and Rural Population Growth, 1950–2000*, 1980

Growth and Projected Growth of Today's 16 Largest Urban Agglomerations, 1960–2000 (rounded millions)



U.S. Competition in International Coal Trade

by John P. Ferriter

Statement before the Subcommittee on International Economic Policy of the Senate Foreign Relations Committee on April 28, 1981. Mr. Ferriter is Director of the Office of Energy Consumer-Country Affairs.[1]

Expansion of coal exports serves a multitude of U.S. policy interests, both domestic and foreign. Coal exports help us economically by strengthening our balance of payments and increasing employment in key regions of the country. They bolster our national security by alleviating the dependence of our allies on unreliable sources of energy. Finally, they contribute to our energy policy goal of reducing pressure on world petroleum production and, thus, the potential for harm arising from oil-supply interruptions. Meanwhile, obstacles to expanded coal exports by and large are technical ones which we can and will overcome.

Developing International Energy and Coal Export Policies

Of primary concern is the continued heavy dependence of a large part of the world, including the United States and most of its allies, on imports of oil. In the first quarter of 1981, the 21 industrial country members of the International Energy Agency (IEA) consumed 35.4 million barrels per day of oil; 55% of this oil was imported. As events of the past several years have demonstrated, interruptions of even a small part of those imports can have very serious consequences for the economies of all oil-consuming countries.

As a result, governments around the globe have committed themselves to reducing their national dependence on oil imports as a matter of highest priority. In pursuing this objective, we in the United States recognized at an early stage that international cooperation was essential and this was a driving force in the creation, in 1974, of the IEA as a forum for such cooperation among the Western industrial countries. The IEA has two principal functions.

First is its crisis management function. Recognizing that reduction of oil-import dependence will be accomplished only over the longer term and, hence, that we will remain vulnerable to harm from oil-supply disruptions for some time to come, the IEA has developed a standby emergency system for responding to such disruptions. A primary aim of the system is to prevent self-defeating competition for oil among major oil-importing countries in the face of a disruption. The system provides for coordinated and equitable implementation of demand restraint measures, drawdown of oil stocks, and, as necessary, sharing of oil supplies among member countries.

Second, the IEA coordinates member country efforts to reduce long-term dependence on imported oil. This is a very broad effort. Attention is being given both to conservation and to development of alternative sources of energy—coal, nuclear, gas, hydroelectricity, geothermal, solar, biomass, and synthetic fuels. The United States attaches great importance to this effort. Sharing of experiences, information, and analyses and pooling of resources have permitted us and other member countries to improve significantly our individual national energy programs.

Coal: A Practical Substitute?

We are concerned fundamentally with the extent to which coal, especially U.S. coal, constitutes a practical substitute for imported oil for ourselves and other countries. Coal enjoys a price advantage over oil. Even mined underground, transported long distances over land and sea, and burned in plants fully equipped for environmental protection, coal is, and is generally expected to remain, substantially cheaper than oil on a dollar-per-BTU-generated basis. It is also plentiful. Coal reserves are much larger than oil reserves not only in the United States but throughout the world. Economically recoverable world reserves of coal are estimated at upwards of 600 billion tons. Estimated total coal resources are some 15 times that amount. This compares very favorably with current annual world consumption of about 3.5 billion tons.

Despite these advantages, use of coal has risen rather slowly since 1974. There are three major reasons.

First, coal is difficult to transport, handle, and burn relative to other fuels.

Second, coal has traditionally been burned near to where it was mined. Trade, at least in steam coal, has been very small. Hence, there remain many countries in the world, even some industrial ones, which have never burned much coal, have little experience with it, and, therefore, are somewhat wary of converting to it.

Third, recent events have called into doubt whether the sources of supply of coal are substantially more reliable than the sources of oil. Political and labor unrest in Poland have caused a 50% decline in its coal exports in the last 6 months. South African coal exports may, at some point, be affected by such difficulties too. Australia's exports were seriously disrupted by a coal miners' strike last summer. U.S. exports are currently suffering from the United Mine Workers strike.

In order for coal to fulfill its potential as a substitute for oil, trade in steam coal must increase geometrically. We and our trading partners are giving high priority to achievement of this objective. At the 1979 Tokyo economic summit, participants agreed to a reciprocal pledge not to interrupt coal trade under long-term contracts unless required to do so by a national emergency. That same year, IEA ministers adopted a list of principles for action on coal, aiming at expanding coal demand, supply, and trade. A coal industry advisory board was established in 1980 to counsel the IEA and its individual members in their implementation of the coal principles and is now actively involved in analyzing problems associated with increasing coal use. Finally, the IEA is devoting special attention to coal in its program of reviews of member country energy developments and policies.

We are also seeking to promote use of coal in developing countries through both multilateral and bilateral development assistance programs. Over the past several years, we have significantly expanded coal-related technical assistance in the U.S. bilateral assistance program. Australia and perhaps other donor countries have similar programs.

Supply and Demand

The United States has enormous coal reserves, about one-quarter of the world total. Current production—840 million tons last year—is the largest in the world and accounts for almost one-quarter of the world total. Even at that level of production, the U.S. coal sector had an estimated 100 million tons of surplus capacity left unused for lack of demand. U.S. bituminous coal exports—

89.9 million tons in 1980—were nearly double those of our nearest competitor, Australia. Only about 30% of these—26.8 million tons—was steam coal. Analysts project that steam coal exports alone will surpass 100 million metric tons annually some time in the 1980s.

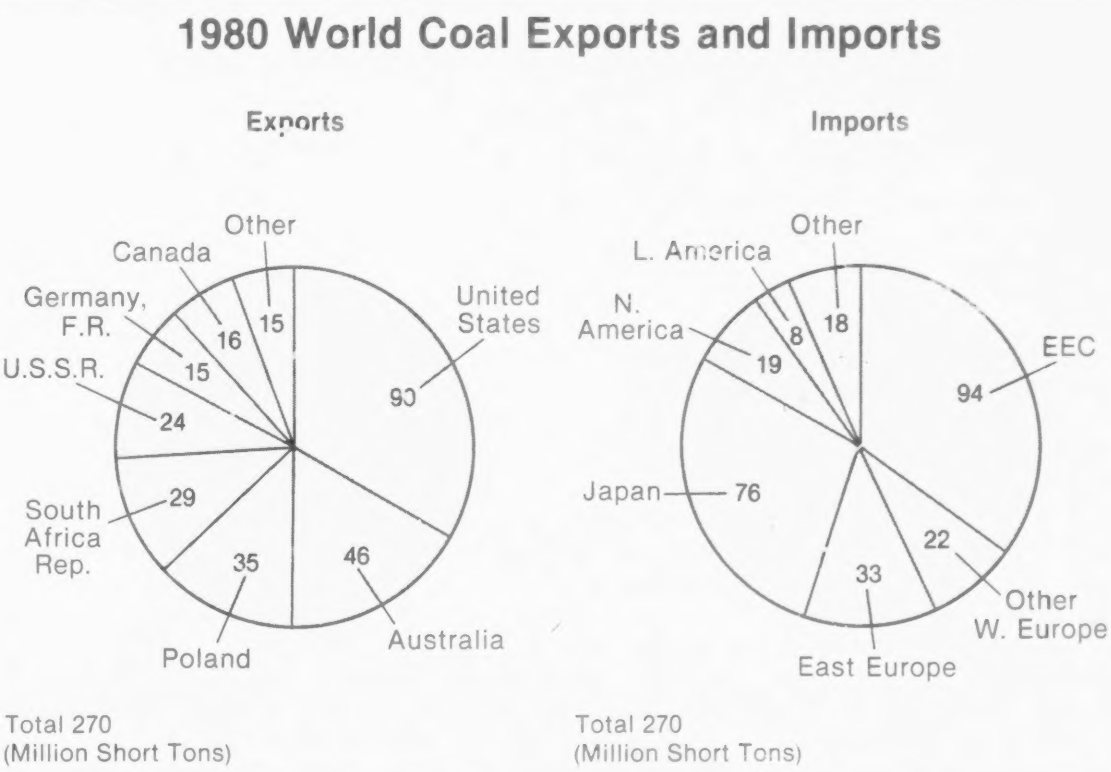
As I noted at the outset, coal exports offer important benefits to the United States. We, therefore, strongly support examination of means for promoting expansion of U.S. coal exports, especially in response to the substantial increases in world demand for steam coal projected to occur in coming years. We can identify a number of areas for action.

Efforts must be made to accelerate the expansion of foreign demand for U.S. coal. The coal-supply chain is demand-initiated, and infrastructure capacity will not expand rapidly in the absence of assurances of long-term demand for use of that capacity.

However, we must also recognize that there is a chicken-and-egg problem here. While domestic producers await foreign assurances of long-term demand to justify new investments, prospective foreign buyers are reluctant to undertake long-term commitments where bottlenecks in the supply system remain serious. The United States must, therefore, resolve problems on the supply side, too. Of priority concern must be our lack of infrastructure to export larger quantities of coal. In particular, existing coal port terminals must be modernized and new ones built.

Beyond expanding our physical capacity for exporting coal, there may be other steps which the United States can take to enhance the competitiveness and, thus, the volume of its coal exports. First, of course, U.S. coal exporters can seek to improve productivity and, thereby, lower the price of their product. Given the substantial cost advantages of other suppliers in furnishing coal to most markets, the extent to which such price reduction will lead to expanded quantities of exports is unclear. On the other hand, there are a few markets where U.S. coal is price competitive. For example, we currently can deliver coal to Europe at about the same price as the Australians. Hence, efforts by U.S. coal exporters to reduce prices could well stimulate increases at the margin in demand for U.S. coal, especially in an expanding market.

Reinforcing this conclusion is the fact that current price is not the sole basis for competition in the coal market, especially where long-term contracts are concerned. Expectations as to price escalation play an important role. So, increasingly, does reliability of supply. Foreign coal purchasers may be willing to pay a premium in order to obtain access to our coal exports because they are more reliable than those of other countries.


1980 World Coal Exports and Imports

Private Companies and the U.S. Government

With the foregoing considerations in mind, we see a broad scope for action to expand U.S. coal exports. In this context, I note that one of the most salient features of the U.S. coal market is its general independence from supports and controls by the U.S. Government. The Administration admires the independent spirit of U.S. coal companies and intends to leave them the broadest possible latitude for actions to facilitate coal exports.

Private companies are already acting in all of the areas we might identify as helpful by:

- Expanding port and inland transportation infrastructure;
- Expanding coal production;
- Financing both of the above;
- Seeking to lower costs;
- Seeking to enhance reliability in fulfillment of contract provisions—timing of delivery, prices, quality specifications, avoidance of disruptions in the flow of coal supplies; and
- Increasing responsiveness to purchase requirements of foreign markets and buyers.

In our view, actions in all of the above areas should be governed by normal considerations of profitability and should, therefore, be left in the private domain. The U.S. Government should not subsidize coal exports nor should it interpose itself in any other way directly in coal trade.

This judgment is full borne out by current developments in the coal export sector. For example, ambitious port modernization and expansion projects are underway and capacity will begin to expand rapidly next year. Domestic producers are engaged in a widening dialogue with prospective foreign buyers, improving their understanding of the buyers' needs and seeking to satisfy those needs. U.S. coal exports grew by almost 40% last year. We have no doubt that they will continue to expand rapidly without direct government involvement in the future. At the same time, certain functions do fall to the Federal Government by logic and by tradition.

First, we have a responsibility to minimize, consistent with other national interests, regulatory burdens on the coal market. We are aware of proposals to reduce such burdens in the area of coal exports and will examine these proposals carefully in the context of the

systems, as a matter of discussion? Would we like the Backfire bomber to be included on the Soviet side?

A. Your very question underlines the importance of lining up, if you will, not only the U.S. approach to these and other equally vexing and complicated questions, but to do so in a way that our European partners who have a stake in the outcome are fully cognizant and comfortable with the approach we make.

You will notice that we, again, underline that these negotiations would be conducted within the framework of SALT. It is, indeed, those "gray area" systems, as some have referred to them, that make the conduct of the theater nuclear discussions intimately related to discussions which will ultimately take place in strategic systems. But I can't answer your question today because, quite frankly, we have not concluded how we will approach these questions.

Q. Do you see a problem? Certainly, you must have a position on whether you would like to have the forward-based systems included or not, or is that still a question in your mind?

A. I wouldn't say it is a question or it isn't a question, and I just don't want to get ahead of our ultimate position which will be presented to the President for his approval.

Q. There seems to be a widening gap developing in Europe between public opinion there and formulation of U.S. foreign policy here in Foggy Bottom. How do you expect to bridge that gap without publishing some of your assessments of the so-called "common danger" of the Soviet intentions?

A. Not to be too curt or too brash, I think as you know, over the last 5 years that I was in Europe, there was hardly a speech I gave that didn't touch upon that subject and the worsening trends between East and West in the military area.

I think there is a plethora of material available. That's not to belittle your question because it was raised over here as well, and it's a serious question. I think one of the great problems we have is avoiding the dangers of exaggeration of Soviet military power and painting them in 10-foot-tall proportions or in underestimating what have been very serious worsening trends between ourselves in the West and Soviet capabilities. I think the Atlantic Association, just yesterday, published something touching upon that concern, and with some data to support it. I recall not so long ago, Bonn publishing a white paper on this subject—very detailed, very specific. I think it was in 1978, as I recall. It hasn't changed too much since then. It has just continued at the same level of increased spending on the part of the Soviets.

Q. I think the question is, does the public buy your view?

A. I can't answer that question. It has always been controversial. I remember my arrival in NATO in 1975 when not only would people question whether or not there was an increase in Soviet capability, they questioned whether there was a threat at all.

As I look back, I would say there has been considerable progress in both public and official recognition of the situation. I only refer you again to the NATO communique emanating from Rome and the comparable defense ministers' communique from Brussels. I think this issue is highlighted unequivocally. It has the support of all the member nations.

Q. As I understand, the Soviets have suggested an international conference on Lebanon. Do we have any interest in participating in such a conference? And if not, can you tell us something about what is the current level of American-Soviet contact over that problem?

A. First, I think we are interested in an international conference which would focus on the Soviet presence in Afghanistan. That's the first order of business, and that's our major concern today.

Secondly, we have discussed the situation in Lebanon with the Soviet Union. We have been in communication with them on it. It's too early to say whether they make a constructive or a counterproductive contribution to the situation.

Thirdly, I think our effort in Lebanon is designed first and foremost to quiet the situation down and to play a role which would permit the parties to return to a status quo ante, if you will, a situation that has prevailed in Lebanon from 1976 until very recently. And that is not an overly ambitious effort, but it's a vitally important one, which would permit longer term efforts in the direction of a return to normalcy in Lebanon and hopefully and always, from the U.S. point of view, the strengthening of the central government of Lebanon and its ultimate control.

Q. You don't see any use in having a conference on Lebanon now?

A. No.

Q. The Chancellor and you and the President discussed also the situation in Poland. The Chancellor seems to have a fairly pessimistic view on this situation. I wonder what your assessment is also in projection toward the Polish Party Congress?

A. Yes. I wouldn't necessarily join the premises of your question that the Chancellor necessarily has a pessimistic view of the situation. I don't know. That may be so; it may be not. There was, of course, extensive discussion of the situation in Poland between the President and the Chancellor, and also between the Chancellor's colleagues in the Foreign Office and elsewhere, and me and my colleagues.

Clearly, the bottom line of the consequences of those discussions are reflected in the joint statement, and that is that this is a situation that remains delicate and of great, great significance, a profound significance, and that we are strenuously opposed to outside intervention in this situation.

There are various benchmarks, one of which you mentioned, which could reflect raising levels of tensions once again. But it remains to be seen, and I don't think anyone has an assured assessment on that.

Q. By saying in your last answer before one that the United States wanted a return to the status quo ante, you're in effect going along with the way Mr. Begin has also described the goal of Israel. But my question is whether the United States also shares the specific goals as outlined by Mr. Begin recently, such as the removal of all the missiles from Lebanon, as well as the new ones placed on the Syrian side of the border and a commitment by Syria not to fire at Israeli planes.

A. I think nothing could be more counterproductive than for me to engage in commenting on positions taken by one side or the other, and I'm not going to do it. It's too important.

Q. Could you at least, then, give a broader scope of when you say the status quo ante? Is there something you might want to add to that answer?

A. No, other than what I had said before. I think a week or two ago that was reported rather extensively at the time, that we're talking about a return to normalcy. You can't describe Lebanon since 1976 as normal, not by any set of circumstances. But you can quiet down current tensions by a return to that situation as we continue to work on the longer range problems which would involve, in my view, the ultimate creation of a central government which is capable of ruling all of Lebanon, an independent and sovereign Lebanon.

Q. On the multinational force in the Sinai, could you please confirm that Canada, Australia, and New Zealand have been asked to help the United States in forming the force? And when do you expect the force to be in place?

A. First, I would prefer not to deny it, and suggest there may have been others contacted as well. There have been what I consider to be rather premature discussions of this subject over the last week, and we still have a great deal to be worked out between the parties, and I will just leave it there.

Q. Did you discuss your policy on terrorism, and does the Chancellor share your definition of terrorism?

A. No, we didn't discuss it, so I can't speak for the Chancellor. I'm not sure I'd presume to do so anyway; he's very capable of speaking for himself.

Press release 154.■

Secretary Participates in St. Louis Town Hall Forum

Secretary Haig was the guest at the St. Louis Town Hall Forum, sponsored by the St. Louis Regional Commerce and Growth Association, on May 29, 1981.[1]

The essence of President Reagan's foreign policy is a policy which some describe as being less than clear at the moment. I will accept the charge that we have not set out some grand design, some conceptual framework which from day-to-day provides a scorecard for contemporary critics.

We have, however, established a fundamental bedrock of national objectives, and that is to recreate a world structure hospitable to the values and ideals of the American people—the freedom and dignity of the individual—and to recognize that necessary and desirable historic change must occur through the accepted rules of international law and the mores of Western civilization rather than through bloodshed, terrorism, and resort to so-called wars of national liberation.

These objectives are structured over what I call "four pillars," the first pillar of which is the attempt to establish a relationship with the Soviet Union built on restraint and reciprocity and a clear recognition that such a goal and such a pillar cannot be structured until the United States reverses the worsening trends in military balances between East and West.

Secondly, we have recognized the imperative of refurbishing traditional alliances and bilateral relationships with those nations in the world which share our values. This can only be done with a new spirit of consultation, built on reliability in the American approach to our relationships with our friends abroad, built on a recognition of traditional friendships, and a need for consistency in manifesting our recognition of those friendships.

Thirdly, to recognize that we have to construct in this changing world a just and responsible relationship with the developing world and to do so with full cognizance that there are changing attitudes in this developing world today. Increasingly, developing leaders in black Africa, this hemisphere, and in Asia are recognizing that a close alignment with Marxist-Leninism in the Soviet model brings with it bayonets and bullets, pervasive presence, and frequently a client-state relationship. Whereas relationships with the Western industrialized world bring economic growth, development, technology, medicine, human development, and participation in a world market community where performance and work dictate rewards.

And, finally, this new foreign policy structured by President Reagan recognizes first and foremost that America cannot once again lead abroad until it cleans up its own economic situation here at home.

I've witnessed the American dollar decline in value over an extended period in Europe and with it American prestige and influence. And the impact of ill-disciplined, runaway double-digit inflation here at home on foreign perceptions of America's ability to carry out its international tasks is sometimes staggering.

So all of these things together represent what I call a four-tiered structure to achieve these objectives I touched upon.

Where do we stand in the task? The jury, of course, is still out. But I think it's a remarkable period in American history, one unique in my 20 years of public service at a relatively high level, where I see a remarkable consensus of the American people, the American Congress, and the American executive branch to roll up our sleeves and to put America back in action again.

It's a source of great comfort and pride to me. It's also a source of certain caution that those of us in Washington who today carry out your tasks have a great responsibility not to abuse this wonderful consensus that has been so hard fought and so long in coming. I'm optimistic that will not happen.

Q. You mentioned a new and a somewhat different policy to the Soviet Union. I think it is widespread knowledge that Secretary [of Agriculture John R.] Block had talked earlier on in the campaign of perhaps using the food weapon, I think was the word he used—that's been toned down some. I know you and he are talking soon with Soviets and Chinese alike. You in China, probably in a couple of weeks. Is there any hope that we may use that one thing that we produce so well—food—to help us achieve the foreign policy goals that you're searching for?

A. That's a very perceptive question, and I suspect there's more to it achieve an internationally recognized independent Namibia at the earliest possible date.

We, however, believe that 435 alone—as it was previously conceived and as we sought to implement it earlier—is not adequate for the purpose. There is no sense in trying to sail again in a leaky ship. We believe that 435 needs to be fleshed out and expanded and that that expansion would involve the provision of constitutional, or at least ironclad, guarantees which will cover the rights of minorities in independent Namibia; that would provide for a franchise regularly exercised and not one man, one vote, one time; and that it would provide for a totally, truly nonaligned Namibia which will not be burdened by foreign presence or foreign troops. We don't think that that's an exceptionally excessive requirement for us to lend our weight—along with the contact group, along with the front-line states, and, hopefully, with the Government of South Africa—to achieve this long-sought goal.

We also seek to do it, incidentally, through these guarantees in such a way that the Government of South Africa can sense that it is in its interests to participate in this process. After all, that's a key aspect of the whole approach. I hope I've answered your question.

Q. First, let me say, I wish that in 1956 you were Secretary of State. That's for the Hungarian freedom fighters. Then I would like to ask you, first of all, is the United States going into negotiations on a SALT II or a different agreement? And secondly, when are we going to attempt to catch up with the Russians militarily?

A. I think you want to be careful, and I will answer the last part first. Sometimes there is a great tendency to paint the Soviet military capabilities in 10-foot tall proportions. It has been my experience—and it's a prudent experience—that those involved in those estimates always tend to view the opponent in somewhat more healthy terms, and that's a prudent approach. I wouldn't change it. And in many areas of strength it's true; the Soviet Union has surpassed the United States. In many others, they have not at all. And I would put in the central strategic nuclear area the fact that we are still in an area of rough equivalents. But I would emphasize that were current trends to continue, and were current trends even under SALT II to continue, we would be faced in 1985 or 1986 with rather substantial deficiencies in the American capabilities.

What is necessary is to reverse the trend. How long it will take will depend on a number of imponderables, not the least of which is the level of spending the Soviets are willing to engage in during the period that we have increased ours.

With respect to SALT II, many say that SALT II fell on the rocks of Afghanistan. Nothing could be farther from the truth. SALT II fell on the substantive inadequacies of the agreements themselves. I can tell you because I've testified, and I can assure you that there was not the adequate consensus in the American Senate and House to ratify.

I can also suggest to you without any question that SALT II is not an adequate basis for future arms control negotiations with the Soviet Union. We felt that while it limited certain levels of strategic building, it permitted functional freeways for unusual growth as well.

It is President Reagan's view that he will negotiate SALT agreements with the Soviet Union and wishes to do so. He wants those agreements to be fair, equitable, and to result in actual reductions, not in continuing growth.

We are in the process of studying this issue with great intensity in the bureaucracy today. It involves a number of potential options which could include dramatic changes in the SALT II framework, an entirely different framework in which maybe functional progress in particular areas were sought, or it might involve a whole new approach.

We have not gotten far enough along for me to suggest which way we'll come out on that. I would also suggest that the timing of when we sit down and discuss strategic arms control limitations is going to also take into consideration worldwide, global Soviet conduct and the term "linkage."

As you know, we agreed in the Rome ministerial to begin talks—and they have begun with the Soviet Union on long-range theater nuclear arms control for Europe. We anticipate discussing the precise move into formal negotiations in the September meeting between myself and Foreign Minister Gromyko in New York. Shortly following that, I would anticipate we will be into formal negotiations on this issue within the framework of SALT.

Q. I think you are the first Secretary of State ever to appear before press briefing like this with Secret Service protection.

A. Yes. Watch 'em. [Laughter]

Q. In that connection, knowing that you have already had one attempt on your life that we know about, what is the role of terrorism in foreign policy today? Is it coordinated? Is the Soviet Union the primary source of it? And could you give us any other comments on it?

A. Incidentally, my wife might have a few other experiences to describe where my life was in jeopardy. [Laughter]

I made some comments early on in my incumbency about international terrorism. I made some comments at the time I was almost blown out of my Mercedes in Belgium about 2 years ago, about international terrorism. Those comments are clearly on the record. I haven't changed my view one bit. And while the Soviet Union clearly doesn't bear the responsibility for all acts of terrorism internationally, it's a hemorrhaging phenomenum.

I did say that they bear a major responsibility, however, because they have been engaged in the funding, training, and philosophic underpinnings which suggest historic change by rule of force is an acceptable code for international behavior.

I know there have been a number of charges about "Secretary Haig doesn't know the difference between terrorism which is just stealing an airplane and perhaps wars of liberation, which is a higher level of insurgency." What I would suggest is that they are all interrelated and that terrorism involves—especially if it is state-supported terrorism of the kind that the Government of Libya is heavily engaged in today with the benefit of high levels of Soviet armament, Soviet advisers technically in their country—that one cannot turn one's face to the responsibilities that this kind of activity brings with it, especially as we have seen.

We have presided in this Department just since we came in in four major international aircraft hijackings. I

Khmer Relief Efforts

Since autumn of 1979, when widespread famine inside Kampuchea sent thousands of starving Khmer to the Thai border in search of food, the massive response from the international community has been essential to the survival of the Khmer people. Through the end of 1980, Western donor nations had contributed to the Kampuchea relief effort over $450 million, while private Western donations through voluntary agencies amounted to well over $100 million. The Soviet Union and other Eastern bloc countries made substantial bilateral donations as well.

Although the situation is much improved, Kampuchea will be dependent on international relief food at least through 1981. In addition, special emergency needs include health care and elementary agricultural rehabilitation. Failure to continue relief assistance could result in new calamities and a return to the terrible days of 1979. Moreover, some 200,000 displaced Khmer remain in Thailand—in UNHCR [U.N. High Commissioner for Refugees] holding centers and in makeshift camps along the Thai-Khmer border—and these unfortunate people are totally dependent upon international assistance until some more lasting solution is found for them. The United States plans to continue to make significant contributions toward the basic humanitarian needs of the Khmer people in 1981 and into 1982 and is encouraging other donors to do so as well.

U.S. CONTRIBUTIONS

The U.S. Government contributed $128,861,769 to the relief effort in FY 1980, all but a small fraction of which went to international organizations. In the first 7 months of FY 1981, we have contributed another $38,691,400. In the breakdown that follows, figures are rounded to the nearest $100, with FY 1981 grants listed individually. Contributions for FY 1980 have been combined into a single total.

Amount	Reason/Date
UNICEF	
$20,307,600	Total contribution (FY 1980)
4,000,000	UNICEF "Common Fund" (12/80)
5,800,000	Reimbursement for food purchased by UNICEF/ICRC (11/80)
$30,107,600	
International Committee of the Red Cross (ICRC)	
$8,560,500	Total contribution (FY 1980) Support for ICRC in FY 1981 included in $5.8 million granted to UNICEF
World Food Program	
$64,987,100	Total contribution (FY 1980)
495,400	Food management in Thailand (4/81)
494,600	Monitoring, transportation, and warehousing in Thailand (4/81)
10,000,000	Food for Peace commodities including shipping costs (4/81)
$75,977,100	
U.N. High Commissioner for Refugees (UNHCR)	
$21,435,500	Total contribution (FY 1980)
1,000,000	Returnee program (10/80)
9,000,000	Holding centers in Thailand (10/80)
$31,435,500	
Food and Agriculture Organization (FAO)	
$5,000,000	Total contribution (FY 1980)
2,000,000	1981 Seed rice purchases (12/80)
$7,000,000	
National Council for International Health	
$87,200	Medical assistance clearinghouse (FY 1980)
15,000	Continuation of clearinghouse (10/80)
$102,200	
Cambodia Crisis Center	
$80,900	Startup costs (FY 1980)
American Friends Service Committee	
$589,300	Total contribution (2 grants) (FY 1980)
CARE	
$ 155,800	Total contribution (2 grants) (FY 1980)
1,576,400	Rice seed for Kampuchea (3/81)
$1,732,200	
Church World Service	
$2,400,000	Total contribution (2 grants) (FY 1980)
International Rescue Committee	
$199,000	Pediatrics ward at Khao I Dang (2/81)
Pathfinder Fund	
$69,000	Community-based maternal/child health care in Khao I Dang (11/80)
World Relief Corporation	
$1,000,000	Total contribution (1 grant) (FY 1980)

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wouldn't attribute those in every instance to the Soviet Union. I might suggest that in one instance they had a very heavy hand. I think all of these things require very careful analytical thougth. And it makes no sense for people not to face reality. We'll have more to say on this in the period ahead, and I hope with greater specificity and explicity.

Q. Just what are the basic qualities that you and President Reagan find in Mr. Lefever [Ernest W. Lefever, Assistant Secretary-designate for Human Rights and Humanitarian Affairs] to nominate him for the human rights divisions responsibility in your department?

A. I am not going to tick off the man's academic credentials, which are substantial and are open in public record for anyone to see. He is a man who dedicated a good portion of his life to the very activities he is being asked to assume responsibility for.

One may disagree with his views on that subject, but I don't think anyone can disagree with his qualifications to hold those views and to bring his talents for the work of the American people.

Mr. Lefever is going to be working in this Department. That means that he is going to be loyal to the views of the President of the United States who was elected by the American people. And I think the President has every right to choose whom he selects to serve him, as he seeks to carry out the popular mandate.

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[1] Press release 180 of June 3, 1981. ■

Countries of the World Classified Economically

This atlas divides the world's nations into the following three economic groups:

Developed market economies—technologically advanced countries where the private sector is dominant;

Centrally planned economies—U.S.S.R., Eastern European countries (except Yugoslavia), and other countries with state-run economies tied to the Soviet bloc; and

Developing market economies—relatively underdeveloped countries trading primarily with developed market economies.

China is in a separate category because of economic reforms currently under way and the special character of its foreign economic relations.

The threefold classification is widely used, partly because it reflects the actual economic blocs that have formed since the end of World War II. However, there is no settled usage as to names and which countries belong in each category. Each international economic organization has its own terminology and modified classification system.

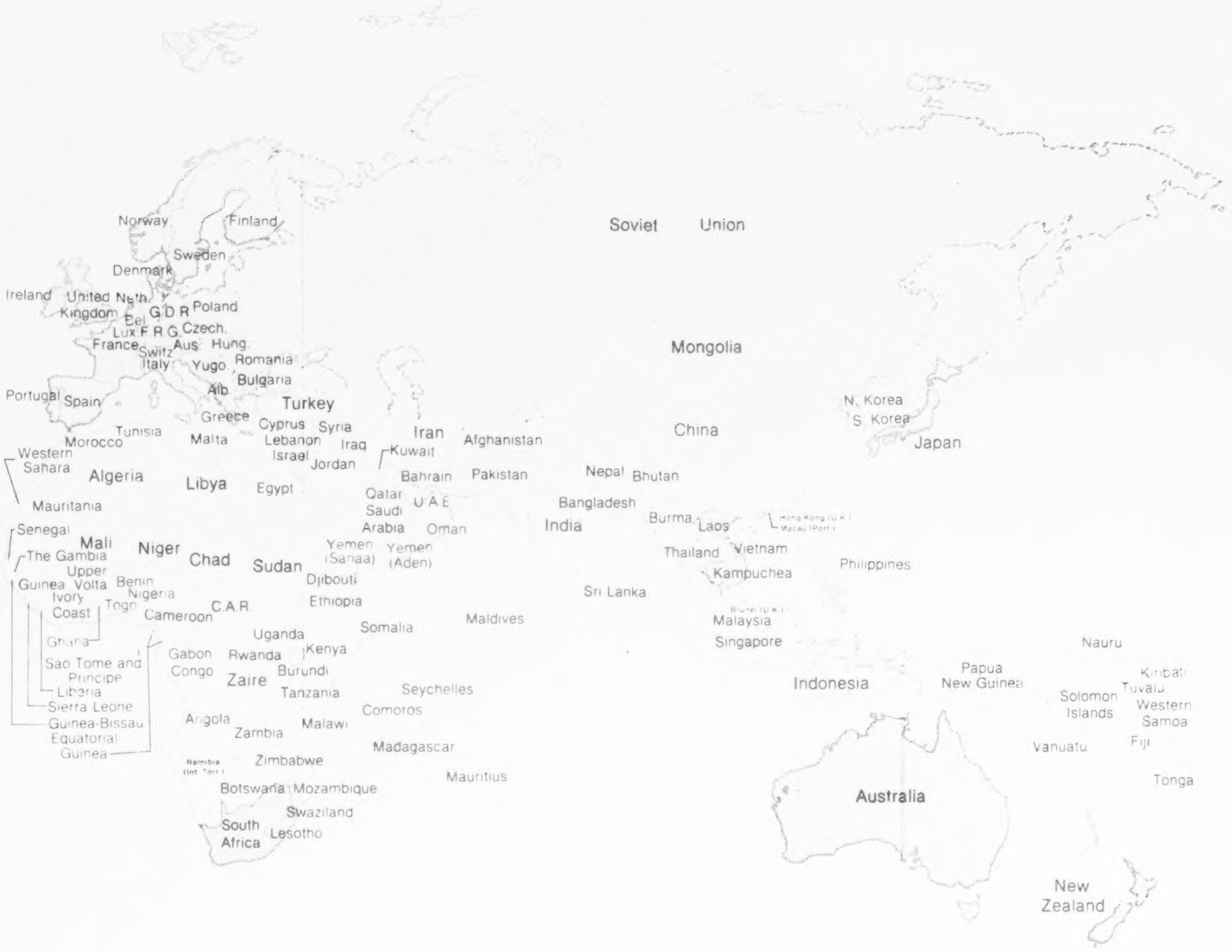
☐ Developed market economies

☐ Developing market economies

☐ Centrally planned economies

☐ China: evolving toward market socialism

Greenland
(Den.)
U.S.
Iceland
Canada
United States
Mexico
Cuba
U.S.
Jamaica
The Bahamas
Haiti
Dominican Republic
Dominica
St. Lucia
St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Cape Verde
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Venezuela
Guyana
Suriname
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Uruguay
Argentina
Chile

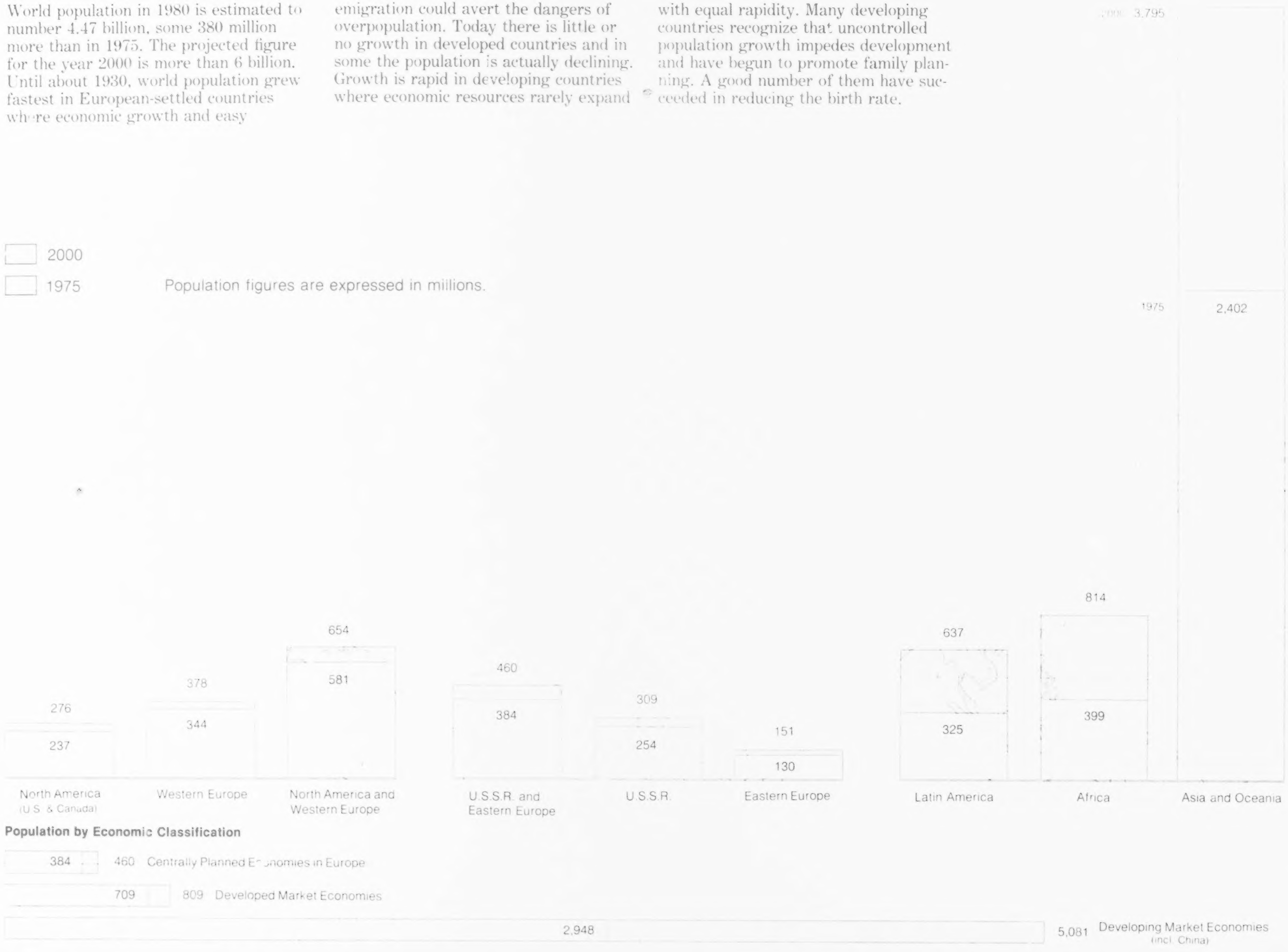

Soviet Union
Norway
Finland
Sweden
Denmark
Ireland
United Kingdom
Neth.
G.D.R.
Poland
Bel.
Lux.
F.R.G.
Czech.
France
Switz.
Aus.
Hung.
Italy
Yugo.
Romania
Bulgaria
Alb.
Portugal
Spain
Turkey
Greece
Tunisia
Malta
Cyprus
Lebanon
Israel
Syria
Iraq
Jordan
Iran
Kuwait
Afghanistan
Morocco
Western Sahara
Algeria
Libya
Egypt
Bahrain
Qatar
Saudi Arabia
U.A.E.
Oman
Pakistan
Mauritania
Senegal
The Gambia
Mali
Niger
Chad
Sudan
Yemen (Sanaa)
Yemen (Aden)
Upper Volta
Guinea
Benin
Nigeria
Ivory Coast
Togo
Cameroon
C.A.R.
Djibouti
Ethiopia
Ghana
Sao Tome and Principe
Liberia
Sierra Leone
Guinea-Bissau
Equatorial Guinea
Gabon
Congo
Rwanda
Zaire
Uganda
Kenya
Burundi
Tanzania
Somalia
Seychelles
Comoros
Angola
Zambia
Malawi
Madagascar
Namibia (Int. Terr.)
Zimbabwe
Mauritius
Botswana
Mozambique
Swaziland
South Africa
Lesotho
Mongolia
China
N. Korea
S. Korea
Japan
Nepal
Bhutan
India
Bangladesh
Burma
Laos
Hong Kong (U.K.)
Macau (Port.)
Thailand
Vietnam
Kampuchea
Philippines
Sri Lanka
Maldives
Brunei (U.K.)
Malaysia
Singapore
Indonesia
Papua New Guinea
Nauru
Kiribati
Tuvalu
Solomon Islands
Western Samoa
Vanuatu
Fiji
Australia
Tonga
New Zealand

C

Boundary representation is not necessarily authoritative

Population Explosion

World population in 1980 is estimated to number 4.47 billion, some 380 million more than in 1975. The projected figure for the year 2000 is more than 6 billion. Until about 1930, world population grew fastest in European-settled countries where economic growth and easy emigration could avert the dangers of overpopulation. Today there is little or no growth in developed countries and in some the population is actually declining. Growth is rapid in developing countries where economic resources rarely expand with equal rapidity. Many developing countries recognize that uncontrolled population growth impedes development and have begun to promote family planning. A good number of them have succeeded in reducing the birth rate.



Population figures are expressed in millions.

Population by Economic Classification

World Immigration, 1950-74

Important economic consequences result from international migration, whatever its causes. Permanent migrants provide some countries with the manpower needed for economic growth and help others reduce an overlarge population. Migration also deprives some poorer countries of skills and enterprise needed for their development.

Europe, traditionally the main source of overseas migration, accounted for the largest number of permanent immigrants in the post-World War II era—a total of 10.4 million. This number includes nearly 2 million political refugees from Eastern Europe.

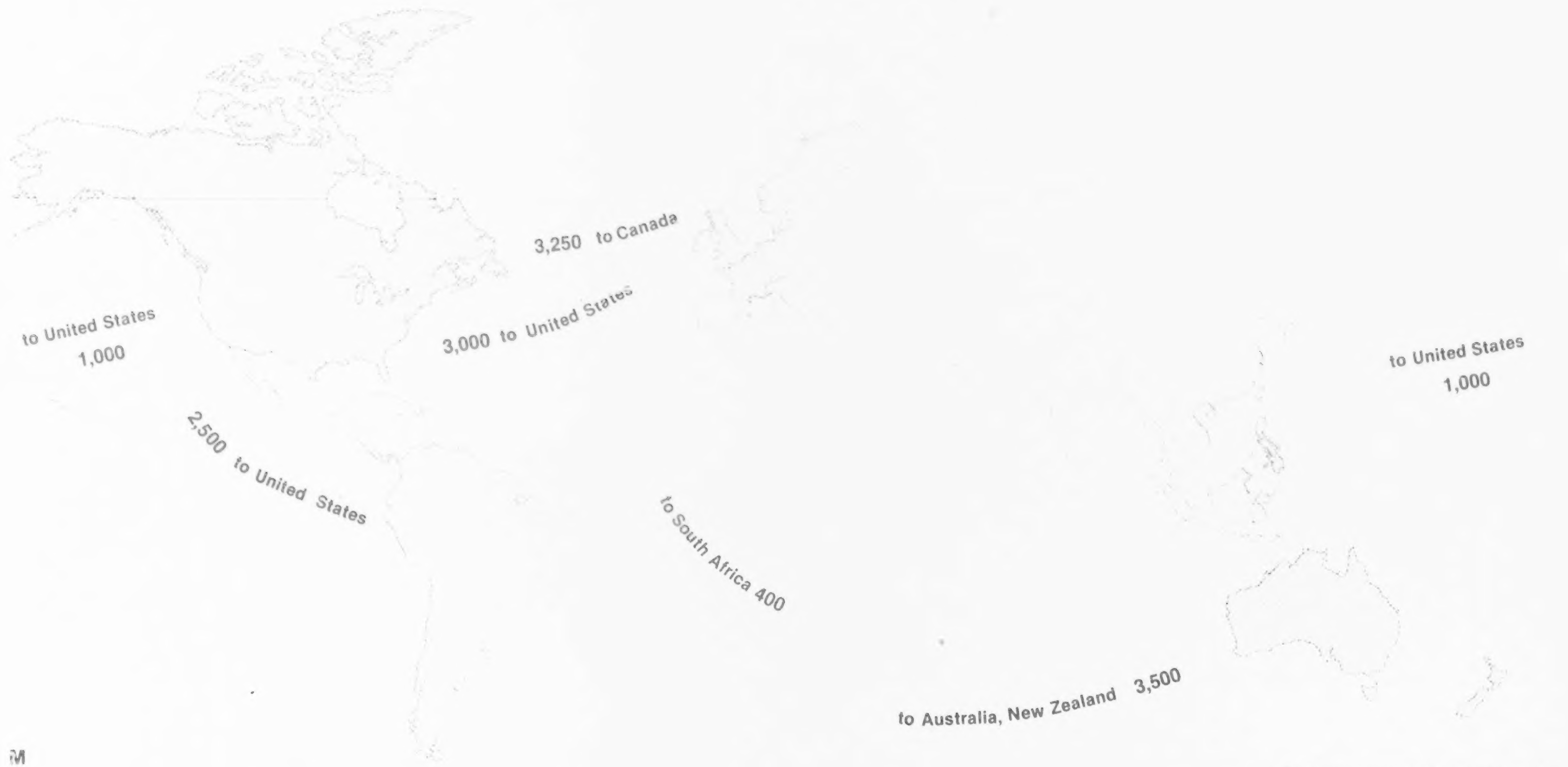
The United States was the principal destination of overseas migration between 1950 and 1974, receiving a total of 6.5 million new immigrants. Included in this total are nearly 2 million political refugees from Europe, Latin America, and Asia. In the 1960s Latin America replaced Europe as the principal source of immigration into the United States, and in the 1970s Asia became the second largest source.

☐ Regions with net migration surplus

☐ Regions with net migration deficit

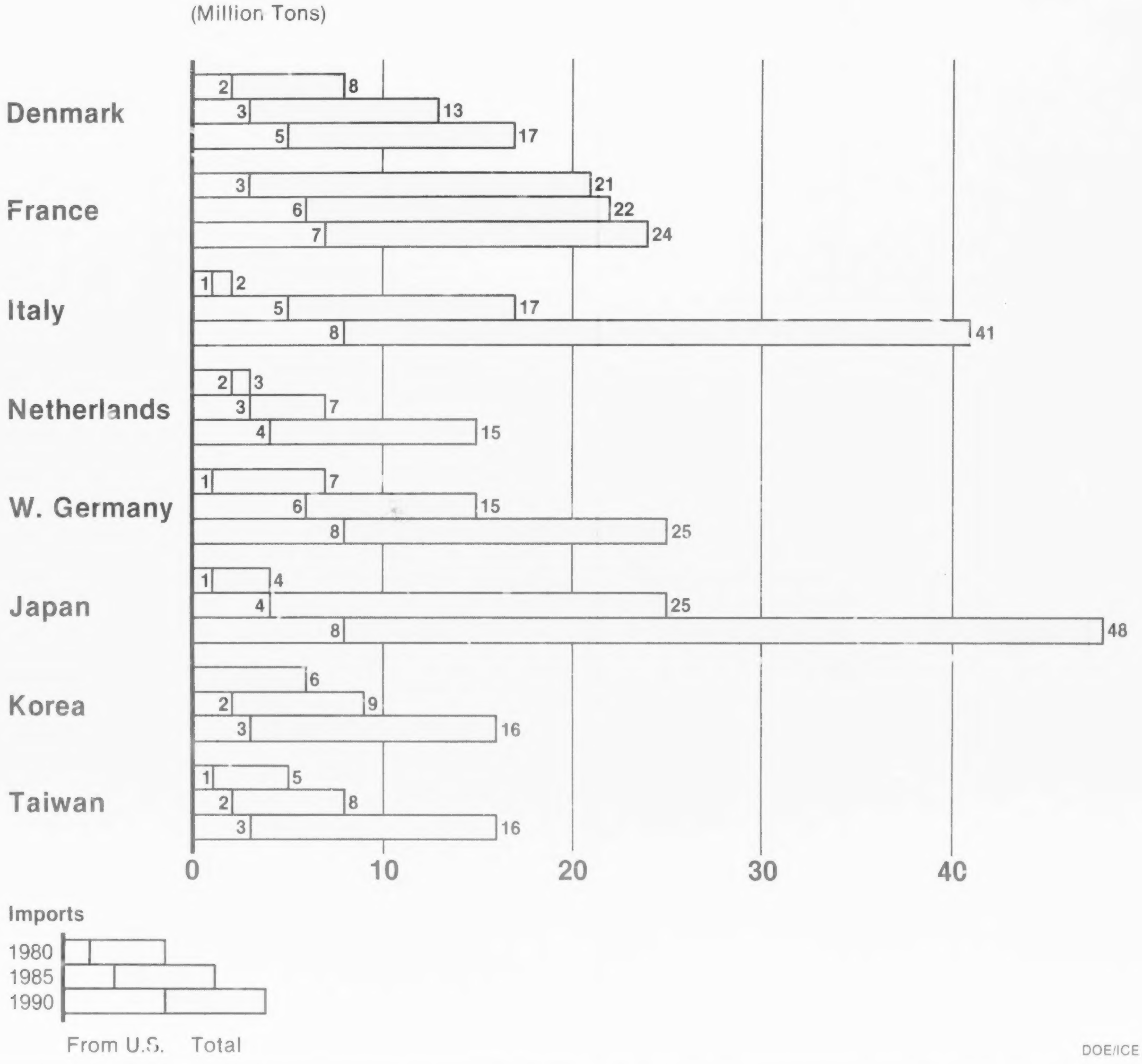
Figures in thousands

Source: U.N., *Trends and Characteristics of International Migration since 1950, 1979*


3,250 to Canada
3,000 to United States
to United States 1,000
2,500 to United States
to South Africa 400
to United States 1,000
to Australia, New Zealand 3,500

Boundary representation is not necessarily authoritative

Projected World Steam Coal Imports



DOE/ICE

overall Administration review of Federal regulation. Moreover, we will uphold the commitment of the U.S. Government not to interrupt coal trade under contractual commitments unless forced to do so by a national emergency.

Secondly, the Federal Government can help to promote foreign demand for U.S. coal. The U.S. Department of Commerce has programs to promote exports. We would urge that coal be given high priority in those programs.

Third, the Federal Government should also take an active role in discussing coal policy and U.S. coal export issues with foreign governments, seeking to stimulate their interest in coal and seeking to improve access for U.S. coal in their markets.

There are significant benefits to be gained from exchanges with other governments of information and analyses concerning coal and coal policy. In addition, we can take advantage of the fact that many foreign governments play a much greater role in determining energy utilization among utilities, industry, and households in their economies than does the U.S. Government in ours. Stimulating the interest of these governments in U.S. coal exports and allaying fears about the reliability of those exports can have a direct impact in expanding demand. Necessarily, efforts in this area will require coordinated involvement by the Departments of State, Energy, and Commerce.

We in the government are providing support to U.S. coal producers by emphasizing to our foreign interlocators both bilaterally and in the IEA the need for them to provide assurances—e.g., through agreement to long-term coal purchase contracts or investment in U.S. coal production and transportation projects—of their long-term demand for U.S. coal in order to encourage expansion of export infrastructure.

In sum, we see a bright future for U.S. coal exports. We will continue to work with foreign buyers and governments to foster demand for U.S. coal and enhance the reputation of the United States as a supplier of coal. At the same time, we have a strong tradition in the United States of reliance on the private sector for the conduct of coal trade, and we intend to adhere to that tradition.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

EUROPE

North Atlantic Council Meets in Rome

Secretary Haig departed Washington, D.C., on May 1, 1981, and arrived in Rome May 2 to attend the regular semiannual session of the North Atlantic Council ministerial meeting (May 4–5). He stopped in Brussels on May 5 and returned to the United States on May 6.

Following are the texts of the Secretary's news conference in Rome and the North Atlantic Council final communique, the minutes extract, and the declaration on terrorism.

NEWS CONFERENCE, MAY 5, 1981[1]

First, let me emphasize what a great pleasure it is to be back in a community with which I am somewhat familiar; I am especially pleased to be back in Rome. Visits to Italy during my incumbency in NATO, whether for rest or recreation or business, were always opportunities to be seized with enthusiasm.

I think, in substantive terms, I would want to emphasize that the North Atlantic Council meeting just concluded, in the words of the Secretary General, was perhaps one of the most important that the alliance has held in the recent past. The most fundamental conclusion to be drawn from the deliberations that we have just concluded over the last day and a half was the reaffirmation in the most conclusive terms, of the continuing unity and solidarity existing within the members of the alliance and, most importantly, in a trans-Atlantic context.

I think this meeting afforded me an opportunity to present to the other members of the council President Reagan's fundamental approaches to foreign policy and national security affairs. I am very pleased to emphasize that these policies were strongly approved and endorsed by all of the members of the North Atlantic Council. In that regard, I would refer you especially to the first paragraph of today's communique describing our deliberations.

With respect to specific accomplishments achieved over the past year and a half, I think President Reagan's decision with respect to the second track of the 1979 decision on theater nuclear modernization enabled us to insure one another, without equivocation and without reservation, that the full implementation of the 1979 decision will be realized by the alliance. The achievement will be accomplished despite the heavy level of propaganda flowing from the East with respect to the modernization decision itself. Therefore, in that important context this past day and a half has reaffirmed the indivisibility of our NATO alliance.

I think there was a strong consensus developed during these meetings of the essentiality of working together to elicit greater restraint on the part of the Soviet Union; not just in the sense of threats directly to the alliance but in the context of increasing Soviet involvement in the Third World. There was clearly a consensus to make all resources available that are necessary to strengthen the deterrence and the defense of the alliance. I refer you to the language of the communique in that regard.

There was strong language agreed to in the communique itself with respect to the unacceptable intervention of the Soviet Union in Afghanistan and a reaffirmation of the warnings previously put forward with respect to the grave consequences of Soviet intervention in Poland. In that regard it was clearly noted that there would be fundamental changes in the international environment should that happen.

Finally, I think there was a strong consensus that only the Western world—members of the alliance and those which share our values—can bring to developing states the nation-building assets which are so essential for their aspirations. That is in somewhat sharp contrast to Soviet activity in the Third World, which is primarily based on the provision of arms, pervasive influence, and, in many instances, a client-state relationship.

In sum I think this was an unusually successful North Atlantic Council meeting, and I have participated in many over the last 6 years. I am extremely pleased that the fundamental solidarity and unity of our alliance has not only been maintained but strengthened as a consequence of our discussions.

Q. We are told that you will be meeting [Soviet Foreign Minister] Mr. Gromyko in September. How will U.S. contacts with the Soviet Union over reduction of theater nuclear forces and perhaps eventually over central strategic systems proceed thereafter?

A. This, of course, is a two-sided situation, and I cannot speak for the Soviet leaders with respect to what they will seek in the way of modalities. But I would anticipate some preliminary talks at the ambassadorial level designed to put together a framework which would permit the meeting of the Foreign Ministers in the fall to proceed promptly to the agreement for negotiations—formal negotiations—with the Soviet Union by the end of the year. That, of course, will ultimately derive its character from the viewpoints of the Soviet Union as well as the United States.

Q. Could you tell us whether President Reagan's letter to Mr. Brezhnev comprises the proposals that you made at this council about the resumption of tactical arms control talks with the Soviet Union, and tell us anything else about what Mr. Reagan had to say to Mr. Brezhnev?

A. I noted that the fact of such a letter managed to seep out of the heretofore impregnable walls of our confidential discussions, and, therefore, it would be foolish for me to suggest there was not such a letter. But I will abide by than just the words of it, since we have just lifted the grain embargo on the Soviet Union. And I must be very careful not to say something to contradict that reality.

I have always maintained, and I know President Reagan has always maintained, that food alone—agricultural restraints or sanctions, if you will—are not adequate to exercise the kind of sanction power that you might need from time to time in international affairs. The President himself has expressed repeatedly before his election and before his inauguration that he intended to lift the grain embargo. I spoke about it all around the country because I had had some firsthand experiences in the early 1970s with the application of a grain embargo, and we frankly shot ourselves in the foot.

From the President's point of view, I think that he felt—and correctly—that the value of his word, his commitment, was a very precious commodity that he, himself, would not squander. He did restrain himself for some 4 months and I would think primarily as a result of my counsel to him to go slowly, to be sure that the Soviet Union would not misread the lifting of the grain embargo.

A grain embargo alone is too narrowly based, and in diplomatic terms it could have caused us increasing problems as other partners—those which share our values in Europe and in Asia—were less than strict in their appliance of that sanction. Increasingly, the American farmer would have been the isolated bearer of the burdens of this grain embargo.

I would hope that in the future, should it ever be necessary—for Poland or some other situation—to apply sanctions to the Soviet Union or any other state, that it would be approached in a far more broadly based way—trade across the board and other sanctions across the board, rather than to ask one segment of the American society to bear alone the burden of disciplining an international problem.

Q. Can we use that food to bargain with the Soviets in perhaps attaining certain kinds of goals, certain attempts to have them see things more clearly in the kind of world that you stated the Reagan Administration would like to live in?

A. I don't discount the importance of America's greatest single and most successful accomplishment and that's from the agricultural sector, because, indeed, that is one of the greatest accomplishments of our American system. But I would not delude myself, and I don't think others should, that a disciplined Soviet or Marxist leader is necessarily going to modify fundamental policy decisions which are based on their own vital national interests even by such an important factor as food—especially if it's a unilateral American attitude. There are other sources available and there are transfer capabilities from other customers of the United States, as we saw in this last grain embargo, where we would restrain wheat, sell it to other countries, it would be refined into flour, and shipped into the Soviet Union. I think you have to be extremely careful in your hopes, and there is also a very important human aspect to that question which I won't go into.

Q. We point to your China trip in a couple of weeks. There's been some question as to whether or not the Reagan Administration has a China policy. We have the friends in China; we have the friends in Taiwan. Are the two compatible under the Reagan policy?

A. Let me assure you that President Reagan does have a China policy, and I've been exposed to it first-hand from day one so I'm very familiar with it, and it is as follows.

We recognize the strategic imperative of strengthening and improving and normalizing our relationships with the People's Republic of China; there can be no question about that.

Secondly, we see no incompatibility with that and both our legal and moral obligations to abide by the provisions of the Taiwan Relations Act which require a degree of relationship with the people of Taiwan. This is an unofficial relationship in government-to-government terms, and we see these as completely compatible and two tracks which we can pursue successfully. And I hope to confirm that once again with the People's Republic government this coming month.

Q. Since Africa is probably one of the largest storehouses of raw materials and the future of the industrial world, my question concerns Africa. Since the United States is already committed to free elections in Namibia, which will ultimately lead to independence, has the United States any plans for aid or assistance in the development of an area such as Namibia, thereby precluding another Angola situation?

A. First, let me recall the informal remarks I made at the outset and that was that we clearly must seek a just and responsible relationship with the developing world—and that includes southern Africa and maybe especially southern Africa.

Secondly, let me remind you that this Administration was the highest donor to the recent contributions of the donor nations to Zimbabwe in southern Africa. This Administration was the highest donor to the recent Geneva conference on African refugees—black African refugees—most of whom, unfortunately, were the victims of Marxist-Leninist activity in Africa.

We have set about in the context of the U.N. Resolution 435 to lend all of our weight to the objective of achieving an internationally recognized independent Namibia, and to do so within the framework of 435, but to do so in such a way that we elaborate that framework from the current text of the U.N. resolution to include certain constitutional guarantees.

Those guarantees would provide for the rights of minorities. They would provide for a recurrent vote by the populations—not one man, one vote, one time—and they would provide for nonalignment, true nonalignment, and nonforeign presence in Namibia.

We have stated, and I would restate today, that there's an empirical relationship between the ultimate independence of Namibia and the continuing Soviet and Cuban presence in Angola. Although we intend to proceed unilaterally along the line toward Namibian independence, we cannot ignore this empirical relationship.

Finally, let me tell you that we just had a visit from the South African Foreign Minister in Washington, Mr. Pik Botha; and, while we are not totally satisified that we have a convergence of view, I think we have enough confidence as a result of those discussions to suggest that this process can continue within 435 and in the context of the so-called contact group in Europe—Britain, France, West Germany, and Canada—which has been working on this problem with us.

I remain optimistic, although it's a very complex and difficult task. And ultimately, if we succeed, there will, of course, be incentives to insure that that success is carried forward by necessary assistance to a new government. [Applause]

Q. The question concerns Afghanistan. Could you give us an update on what the military situation is there now? And also what the Administration's policy is with respect to assistance, direct or indirect, to the Afghan freedom fighters?

A. You used all the right language, and I liked especially your reference to freedom fighters. [Applause] The situation has clearly been something far less than I would anticipate the Soviet leadership expected when they conducted their second intervention in Afghanistan. You know they conducted two.

The first was to install a puppet leader a year before the actual invasion. It was unfortunate that at that time I read in the editorial of an unnamed Eastern newspaper, "Stay Cool in Kabul." And that was Eastern press jargon to suggest that we should not be concerned about that initial Soviet intervention in the installation of a puppet leader in Kabul.

The step from that, unchallenged, to the massive intervention of Soviet forces a year later is a very small step to take. And I would say that we in the West have some obligation and some culpability for that second step having occurred in the first place.

The Soviets are not succeeding. I wouldn't want to suggest the freedom effort is overwhelming and is achieving major military successes, but the control that the Soviets would like to exercise over the countryside in Afghanistan is very, very limited. It involves a circumventerental road which they control periodically and some of the cities which they control, but the countryside is a very risky place for Soviet forces.

The last part of your question I'm going to fall back on an old habit, and that is, never pop off in public about things that you are doing or may want to do or you will create all the pressures that are necessary to prevent you from doing anything at all. [Laughter and applause]

Q. Along with the plans to increase the U.S. military defenses, are there any associated plans to improve our civil defense posture, particularly as it relates to chemical and biological warfare?

A. First, let me suggest that I would prefer to let my friend, Cap Weinberger, field that question. I can tell you that in general the Defense Department and our own political-military policy planners are very, very conscious of the low state today of our readiness in civil defense.

We are extremely conscious of the great assets applied by the Soviet Union to that sector of their defense capability. Unfortunately, we're dealing with a number of conflicting priorities. I would suspect that as important as this subject is, it is not quite as high on the priority list as some of our other defense needs. But it will get increased resources and increased attention under Cap Weinberger and President Reagan, I can assure you.

With respect to those two more sophisticated areas, we have been engaged, as you know, and just won a very important vote in the Congress—a vote that allocated some $20 million to create a binary offensive capability in the chemical weapons area. We felt this was necessary, because since 1969 the United States has absolutely left untended its chemical weapons inventory while the Soviet Union has built steadily.

It's been our view that you cannot sit down and negotiate unless you have something in your larder with which to talk. That's why we've been totally unsuccessful in that span of 11 years to get the Soviet Union to sit down with us and arrive at some coherent restraints which we would all, of course, seek.

There is no activity in the radiological area because it is banned by international agreement, subscribed to by both the Soviet Union and ourselves.

Q. How can President Reagan, and I presume with the concurrence of the State Department, justify the supplying of the AWACS [airborne warning and control system aircraft] and other sophisticated—highly sophisticated—weapons to Saudi Arabia as a defense against Russia when the Saudis themselves say that—practically have said it themselves that they want them as an offensive weapon against the very existence of the State of Israel? And even with our being there to watch these weapons and so forth, isn't it quite a danger that they could become used for the purpose of which I have just stated?

A. I think that's a very important and certainly very urgent contemporary question in Washington today. First, let me challenge one of the premises of your question and that is that I am not aware, and I seriously doubt, that there's been any exposition on the part of the Saudi Arabian leadership that would attribute the employment of AWACS to the motives you subscribed it to in your question.

Secondly, I think it's vitally important for Americans to understand that the situation in the Persian Gulf area and in Southwest Asia at large has changed profoundly over the last few years. We've had the collapse of the Shah of Iran, who was the traditional policeman of that area, who frequently combated Soviet-inspired and Marxist-inspired insurgencies in a number of the sheikdoms, and whose very presence and armed forces and overall demeanor were a stabilizing force. With his collapse, the outbreak of the conflict between Iran and Iraq, uncertainties have grown.

We have had, of course, the Soviet invasion of Afghanistan and no prospect at the present time for their orderly withdrawal.

Thirdly, we have had the situation develop in the Horn of Africa which poses a dagger-like threat to the viability of the oil fields in Saudi Arabia which are fundamentally important, not only to U.S. interests but to Western industrialized interests at large.

Fourth, we have seen the takeover of South Yemen by Soviet-inspired insurgencies and recent efforts about 18 months ago, or 24 months ago, to overtake and to overwhelm the North Yemen border with Saudi Arabia.

I think it's vitally important for Americans to understand that Saudi Arabia's security, its general pro-Western orientation—And, if one may ask the question, I ask one to think back as recently as a week ago at Geneva where the Saudi Arabian Government was the leading advocate of no increases in OPEC [Organization of Petroleum Exporting Countries] oil prices and where the Saudi Arabian Government has been involved in high levels of production to actually create a glut designed to drive oil prices down which are in the interest of Western, industrialized societies and developing societies as well.

I think I would suggest that our questioner reflect on the past 3 weeks, the anguishing work of Phil Habib [the President's emissary to the Middle East], who I just left in Washington who has asked and received great assistance from the Government of Saudi Arabia as we seek to reestablish a *status quo* normalcy in an extremely

World Vision Relief Organization

$3,103,300	Total contribution (1 grant) (FY 1980)
4,012,000	Rice seed and other agricultural inputs for Kampuchea (4/81)
$7,115,300	

Office of the U.N. Secretary General's Special Representative for Kampuchean Humanitarian Relief

$150,000	Startup costs for office (FY 1980)

U.S. Embassy Bangkok

$69,000	Emergency funds for Khmer relief (FY 1980)
30,000	Contingency funds for Kampuchean Emergency Group in Thailand (10/80)
$99,000	

Thai Red Cross

$125,000	Total contribution (two grants) (FY 1980)

Task Force 80 (Thai Supreme Command)

$13,000	Office supplies for Coordinator (FY 1980)

Airlift

$382,500	Special airlift of medical and other relief supplies in response to the President's 11/13 decision (11/79)

Administrative Costs

$550,000	Travel and administrative expenses of staffing Khmer relief program in Thailand (10/79, 9/80)
$167,553,100	Total contributions to date (4/81)
$ 19,308,600	Pledged to U.N. Joint Mission for Khmer relief for 1981, but not yet allocated
$186,861,700	**Total contributions plus pledges**

Press release 145 of May 13, 1981. ■

International Economic Policy Priorities

by Robert D. Hormats

Address before the International Insurance Advisory Commission in New York City on May 19, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.

International economic issues are increasingly important to the U.S. economy as well as to American foreign policy. Access to reasonably priced energy supplies for ourselves and our allies, for example, is an essential component of our economic well-being and our security. The financial stability of our friends and allies has a direct bearing on our prosperity and our foreign policy interests. Trade issues are central to our relations with many countries, and trade expansion is increasingly important to our economic growth. Inevitably, the Reagan Administration's domestic economic policies will affect—and will be affected by—international developments.

I would like to describe for you today some of the foreign economic policy priorities of the Administration. I will group them under five main headings.

- Strengthening the U.S. economy and improving economic cooperation with the other industrialized democracies; these together are the cornerstones of our international economic policy;
- Reducing the vulnerability of the United States and our friends and allies to disruptions in the international oil market;
- Promoting open trade on the basis of fair and effective rules and helping U.S. exporters to take advantage of international trading opportunities;
- Insuring a smoothly functioning international financial system—with an effective International Monetary Fund (IMF)—capable of facilitating recycling and adjustment and underpinning expanding trade and investment; and
- Building durable and mutually beneficial economic ties with developing nations based on a greater private sector role and supported by an effective and adequate foreign assistance program.

Strong U.S. Economy and International Cooperation

A strong American economy and close cooperation with other industrialized democracies are the cornerstones of U.S. international economic policy and our foreign policy as well. The success of the President's program to reduce inflation through increased investment and productivity growth will give this nation's competitiveness a powerful boost. It will also facilitate adjustment to high energy prices, which will lead to more efficient use of oil, and enable us better to adjust to changing market conditions, which will reduce protectionist pressures. It will lead to sustained, low-inflation growth at home, thereby improving economic prospects and lowering interest rate pressures abroad. And it will permit us to generate strong domestic support and adequate resources for our security and foreign assistance programs.

We and our industrialized country partners recognize that our economic and foreign policy prospects are inextricably linked. And while differences of approach or emphasis often receive the preponderance of public attention, the fundamental interdependence of our economies and the similarity of our international and domestic objectives make cooperation among us imperative and attempts to work at cross-purposes patently futile and unproductive.

The prosperity of our major trading and financial partners will directly influence our own. In addition, it will improve their ability to muster resources and public support for contributions to the Western security and economic assistance effort. The energy performance of these nations, like our own, will have a direct impact on the world oil market, on which we and they continue to be heavily dependent. Our mutual efforts to reduce oil imports will in turn benefit us all. A common policy toward economic relations with the Soviets can balance our commercial and our security concerns and enable us to respond decisively to such provocations as the invasion of Afghanistan. Our nations can benefit from a common, constructive approach to the developing nations, insuring that as we attempt to meet their interests, they respect ours. And we together must find new types of cooperation in research and development to bring to our societies and the world the benefits of the prodigious talents of our peoples and the potential of our technologies.

Energy Policy

The international energy situation represents the single greatest threat to the well-being of this nation, and most others, in this decade. It makes our economies vulnerable to disruptions and our foreign policy and alliances vulnerable to threats.

Strong national and international efforts are required to reduce the unhealthy dependence of the United States and our economic partners on imported oil. We have already seen how rapid oil price rises and occasional supply interruptions play havoc with economic growth and inflation and sow discord among friends.

Due in large measure to efforts to reduce oil use in the face of sharply increasing prices and supply insecurity, U.S. imports of oil have declined dramatically to 6.3 million barrels per day (b/d) from their highs of 8.6 million b/d in 1977. But we cannot allow this progress, or the present softness in the oil market, to lull us into complacency. Much more remains to be done to reduce our vulnerability.

The President's decision to decontrol the price of domestic oil, coupled with the legislatively mandated phased deregulation of natural gas prices, are essential steps in eliciting increased production and discouraging inefficient use of energy. The Administration is also increasing its efforts to resolve regulatory and institutional problems inhibiting the use of nuclear power and will reform regulatory policies to promote greater production and use of other energy resources, particularly coal. And we will explore—in the International Energy Agency (IEA) and at the Ottawa economic summit—ways to reduce impediments to the export and use of such resources.

Yet increased production and more efficient energy use in the United States addresses only part of the energy problem. Supplies can be disrupted, as we have seen, by war and social upheaval and by national shortfalls caused by sudden demand surges. The obvious examples of these dangers stem from the Middle East; less visible is Western European dependence on the Soviet Union for substantial amounts of natural gas, which has the potential for unhealthy influence in a crisis.

We and our allies are preparing to counter threats to our energy security through intensified national action and international cooperation. Nationally, an effective strategic petroleum reserve (SPR) is crucial. I am pleased to report that we have begun to fill the SPR at an annual rate of over 200,000 b/d and hope to reach a level of 750 million barrels before the end of this decade. This could offset the loss of 3 million b/d of U.S. imports for a full year.

Internationally, the International Energy Agency is the prime forum for cooperation with other industrialized democracies. The IEA has an emergency oil allocation system, designed to counter significant shortfalls. This is the keystone of Western energy security policy. In addition, we have learned from the recent past that smaller, or even threatened, shortfalls can lead to harmful price rises. We and our colleagues in the IEA must insure that in the event of supply disruptions, such as those which followed the Iranian revolution, there is no repetition of sharp price increases, which could thwart our anti-inflation program. Nor can we permit oil to be used as an instrument of political pressure on our allies or friends. IEA consultations are underway to try to find appropriate contingency measures for these situations.

We must also develop new sources of conventional and nonconventional energy. Good relations with reliable suppliers must be maintained, and a few might be encouraged to develop additional excess capacity for use during supply interruptions. Investment climates need to be improved; discriminatory policies, such as those favoring domestic investment, can reduce optimal energy investment to everyone's detriment.

And we will continue to help developing nations to reduce their dependence on imported oil. Their inability to do so can only lead to greater instability in the developing world, and disruptions in the international financial and trading systems.

Trade

We now face challenges arising out of the success—in both foreign policy and economic terms—of the basic policies we adopted after World War II. Our goal then in establishing the General Agreement on Tariffs and Trade (GATT) and urging a more open and market-oriented trading system was to increase both world prosperity and international interdependence through the expansion of trade. World trade expanded fivefold between 1970 and 1980. By 1979 the average tariff levels in the developed countries had fallen to 10.6%. Cuts agreed to in that year, in the Tokyo Round of multilateral trade negotiations, will reduce them to 4.5%.

At the same time, a number of new problems in the trade area have become increasingly important. In order to continue into the future the expansion of trade, which has contributed so much to our prosperity and added stability to the international environment, we will have to deal with these. Our trade policy is based on several key elements:

- Effective implementation of rules already negotiated;
- Negotiating, or improving rules and understandings in new problem areas of trade policy;
- Removal of domestically imposed disincentives to U.S. exports, and improved U.S. export promotion efforts; and
- A prosperous U.S. economy which promotes adjustment.

First, we intend to insure effective implementation of the "rules of the game" already agreed to. One of the major accomplishments of the Tokyo Round was to make a start at dealing with what I consider the key trade problem of this decade—nontariff barriers. In an era of relatively low duties, these act as the major impediments to international trade. The "codes" agreed to during these negotiations are being put into effect. We will insist that our trading partners live up to the spirit and the letter of these agreements; we know that they will expect the same of us. We will use these same agreements, now embodied in U.S. law, to insure that our firms and workers are protected against unfair trade practices by other countries.

Second, we will endeavor to negotiate or improve rules to deal with new trade problems. A number of areas important to U.S. trade interests hitherto have not been the subject of much international discipline. One good example relates to trade in services.

Trade in services is an increasingly important component of U.S. exports. U.S. service exports have grown nearly 400% since 1971 and are continuing to grow at a rapid rate. Here at home, our services industries provide employment for about 70% of the U.S. workforce. Given these statistics, there is no

National Income by Region

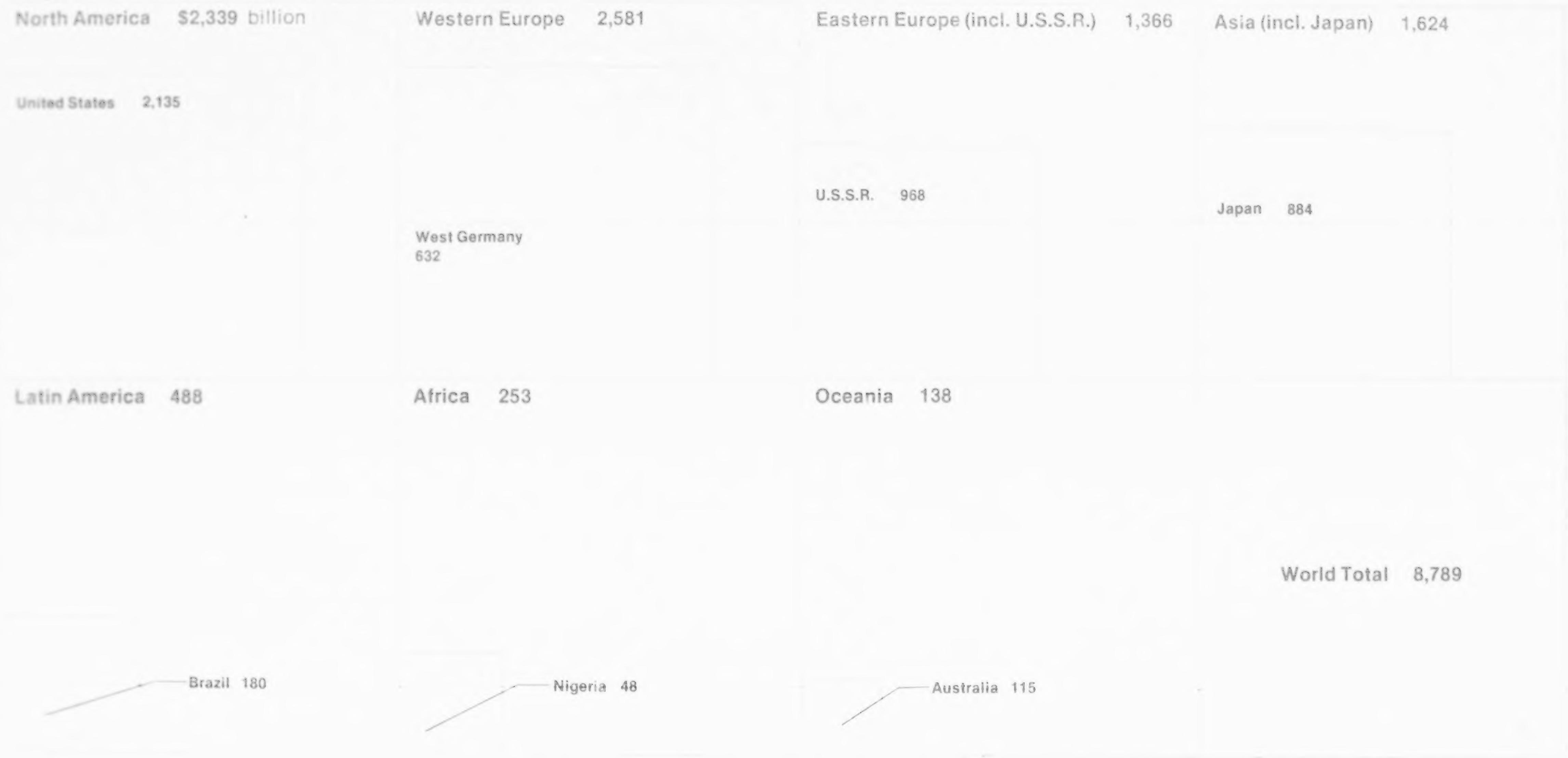
Gross national product (GNP) and per capita GNP are significant indicators of national and regional development and economic strength. GNP is based on the market value of all goods and services produced during the year. Per capita GNP is the average value of goods and services produced for each person. In 1978, the U.S. total of $2 trillion was the largest national GNP. In per capita GNP the United States, with $9,770, ranked ninth behind Kuwait ($15,970), United Arab Emirates ($15,020), Qatar ($15,050), Switzerland ($12,990), Luxembourg ($11,320), Denmark ($10,580), Sweden ($10,540), and West Germany ($10,300).

Per Capita Income, 1978

Kuwait	$15,970
Qatar	15,050
United Arab Emirates	15,020
Switzerland	12,990
Luxembourg	11,320
Denmark	10,580
Sweden	10,540
West Germany	10,300
United States	9,770
Brunei	9,220

Adapted from *1980 World Bank Atlas*

Regional GNP Totals, 1978 ($ billions)



International Economic Groupings: OECD, COMECON, G-77

Most of the world's countries are members of either the Organization for Economic Cooperation and Development (OECD), the Council for Mutual Economic Assistance (COMECON), or the Group of 77 (G-77). These organizations generally correspond to the three economic classifications on the previous page.

The OECD comprises the developed market economies (with the exception of South Africa). Founded in 1960, it replaced the Organization for European Economic Cooperation designed to implement the Marshall plan for European recovery. The OECD provides for high-level economic consultations by the industrial democracies and for efforts to coordinate economic policy and promote assistance to developing countries.

COMECON consists of most of the centrally planned economies allied with the U.S.S.R. Founded in 1949 as the Eastern European counterpart to the Western European Organization for European Economic Cooperation, it promotes economic specialization and common planning with the ultimate goal of a unified economy. In this way it is more akin to the Western European Common Market than to the OECD.

The G-77 is a loosely organized collection of developing countries, now numbering more than 120 (more than three-fourths of the countries of the world). Meeting as the G-77, developing countries discuss common positions for international economic negotiations. The term originated with the 77 countries supporting a common plan of action during the first sessions of the U.N. Conference on Trade and Development in 1964.

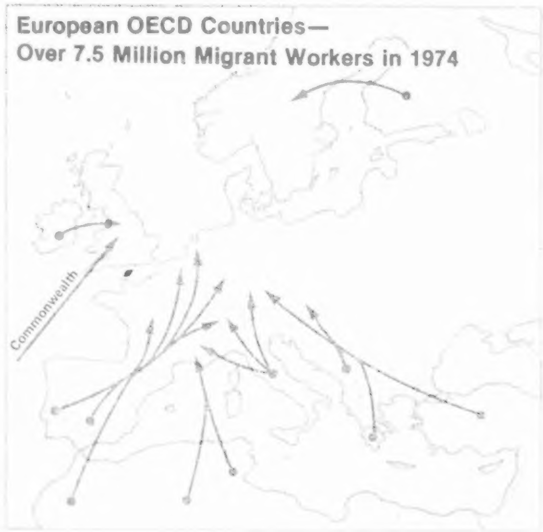
Yugoslavia (sometimes listed with the developed market economies) and Romania (a member of COMECON) are the only European countries meeting with the G-77.

☐ OECD
☐ COMECON
☐ G-77

Boundary representation is not necessarily authoritative

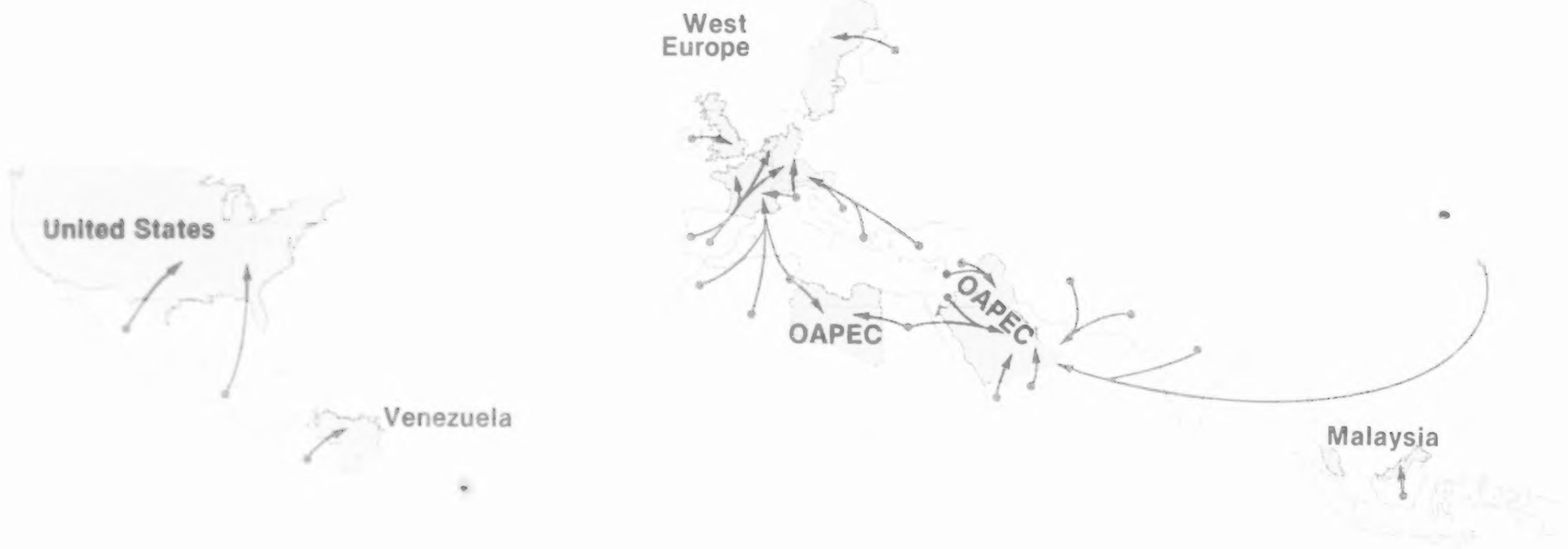
International Labor Migration

Temporary migration for work purposes plays a vital role in the world economy. Foreign workers performing unskilled labor in developed countries also help reduce the pressure of unemployment and underemployment in their homelands. Some developing countries derive a large share of their foreign exchange earnings from remittances of laborers working in foreign lands. Although most labor-importing countries have a shortage of unskilled labor, the Arab oil-producing countries (members of the Organization of Arab Petroleum Exporting Countries—OAPEC) import many technicians and skilled workers as well as general laborers.


European OECD Countries—
Over 7.5 Million Migrant Workers in 1974

☐ Chief sources of international migrant labor

☐ Main countries or regions employing foreign migrant labor



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Boundary representation is not necessarily authoritative

Appendix

G-77

Afghanistan
Algeria
Angola
Argentina
Bahamas
Bahrain
Bangladesh
Barbados
Benin
Bhutan
Bolivia
Botswana
Brazil
Burma
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Comoros
Congo
Costa Rica
Cuba
Cyprus
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gabon
The Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Ivory Coast
Jamaica
Jordan
Kampuchea
Kenya
Korea (North)
Korea (South)
Kuwait
Laos
Lebanon
Lesotho
Liberia
Libya
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nepal
Nicaragua
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Qatar
Romania
Rwanda
St. Lucia
St. Vincent and the
  Grenadines
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Solomon Islands
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Syria
Thailand
Togo
Trinidad and Tobago
Tunisia
Uganda
United Arab Emirates
Tanzania
Upper Volta
Uruguay
Venezuela
Vietnam
Western Samoa
Yemen (Aden)
Yemen (Sanaa)
Yugoslavia
Zaire
Zambia
Zimbabwe

COMECON

Members

Bulgaria
Cuba
Czechoslovakia
German Democratic
  Republic
Hungary
Mongolia
Poland
Romania
U.S.S.R.
Vietnam

Associate Member

Yugoslavia

Countries With Cooperation Agreements

Finland
Iraq
Mexico

Observers

Afghanistan
Angola
Ethiopia
Laos
Mozambique
Yemen (Aden)

OECD

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Federal Republic of
  Germany
Greece
Iceland
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

NOTE:

The United States Government has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

The sovereignty of some islands or areas in dispute is not indicated and the status of some boundaries is not depicted.

Some names are not authoritative.

the very strong principle that we always abide by and that is not to discuss the contents and characters of such exchanges in the public forum. I'm sorry.

Q. You have set forth a timetable and plan on the TNF [theater nuclear forces] negotiations with the Soviet Union. Does the Administration have a plan or timetable on the strategic weapons systems discussions with the Soviet Union?

A. No, we do not. Clearly, President Reagan has reiterated his willingness and desire to engage in a full range of negotiations that are necessary to provide equitable, balanced reductions in nuclear weaponry—and I emphasize reductions. This is a problem associated with a host of technical issues associated with the arms control of central strategic systems themselves, but it is also clearly related to Soviet international behavior and overall relationships between East and West. And I do not foresee in the immediate future a resumption of those talks.

Now you will note in the language of the communique that we refer to the conduct of the theater nuclear discussions as being within the framework of SALT. That suggests two things: First, it suggests that all nuclear systems represent somewhat of a continuum whether they be theater-based—and to our European partners it makes very little difference whether it's a theater system or a central strategic system; theater systems from the Soviet side represent a strategic importance to our Western European partners. So, it suggests a continuum and, if you will, confirms that there are no separate theaters of nuclear concern. We talk about shared risks, shared burdens, and total unity in a trans-Atlantic sense in nuclear terms.

Secondly, clearly the interrelationship between theater systems—long-range TNF, if you will—and central strategic systems is blurred and a grey area in many respects. So coherent arms control negotiations in the theater area should always be conducted in the light of strategic balances and long-term objectives in arms control in that regard. It does not mean that the resumption of the initiation of our talks with the Soviet Union and formal negotiations with it—discussions of central strategic systems in the American sense, does not; they can proceed separately but in full cognizance of the interrelationship one with the other.

Q. If we are to read into the final communique a lesson from the number of references to the notion of detente, what should that signify to those people who are going to discuss the communique?

A. As I recall there is no specific reference to detente in the communique, and it is further clarified by the term "genuine" detente. I think, clearly, the whole character of the communique bespeaks very clearly the increasing awareness of all in the alliance of the need to concert together to insist on Soviet restraint internationally, both in areas of vital concern within the confines of the alliance itself and beyond.

Q. Still on detente, will you accept this definition of detente as an overall and nonmilitary way to defeat the West?

A. I get the chemical character of your question. Somebody said that Mr. Weinberger [Secretary of Defense Caspar W. Weinberger] and Mr. Haig are not getting along very well; I want to discount that. Nothing could be further from the truth. Just the other day Mr. Weinberger gave me a personally autographed copy of the American Constitution.

Q. But the quotation actually is not from Mr. Weinberger but from Mr. Allen [Richard V. Allen, Assistant to the President for National Security Affairs].

A. Then the problem is even less of concern. I think clearly on both sides of the Atlantic there has been growing concern about the implications of and the proclivity by the Soviet leadership to indulge in risk-taking. One need only tick off the various situations that have developed starting with Angola in 1976; running to Ethiopia, Southern Yemen, Northern Yemen; Afghanistan on two occasions, culminating in a blatant interventionism; the overrunning of Kampuchea by proxy forces of the Soviet Union. As an American—and I know here in Europe—there is great concern about increased proxy activity in the Western Hemisphere once again—Nicaragua, El Salvador, Guatemala, Honduras, and other nations of the Central American republics. All of this, clearly, has raised our level of concern. I think today's communique and the discussions over it in the past day and a half strongly affirm that growing level of concern.

Q. In view of that checklist, is it your expectation that the Soviet Union will be required to act with much greater restraint if the dialogue we are about to enter into with Mr. Gromyko is to have any chance of success?

A. It goes without saying that we all recognize the implications of the term "linkage." But we are not entering into theater nuclear arms control discussions as a favor or a gift to the Soviet Union. We are engaged in these negotiations once they commence, as certainly an implementation of the agreed modernization decision of 1979 and with full recognition that it is in Western interests as well. If we are successfully to halt and to roll back the growth of nuclear weapons here on the European Continent, that does not suggest for a moment that we would in any way abandon our concern about linkage for example when we speak in the context of intervention in Poland, of profound changes, we would include a very important consequence for arms control discussions as well along with other interfaces with the East—economic and political—as well as arms control.

Q. The positive result of this meeting with the negotiations now scheduled for next autumn are seen as a victory for the European side of the alliance. What is your comment to that?

A. I wouldn't describe it as a victory. I would describe it more importantly as a strong, unequivocal affirmation of continuing Western solidarity with the members of the alliance and especially in a trans-Atlantic context. Clearly in recent months—and this is not unusual in cycles of 4 years in dealing with your American partners—unsettlements develop until the full scope of the new American Administration's policies are known and understood. I think my ability to bring here to our Western European partners a clear articulation of President Reagan's foreign policy objectives and goals, and above all his reaffirmation that the NATO alliance is the bedrock and the anchor of American foreign policy as it has been in the past, was reassuring to all. The reaffirmation of our intention of following through with the obligations on theater nuclear modernization—the two tracks—was clearly a reassuring message.

All of these things together converged to make this a very robust, if you will, a very happy and a very constructive North Atlantic Council meeting. I think the consequences are in the direction of solidarity and unity and the inability of the East, despite rather substantial efforts to effect differences between our European partners and the United States, is not going to succeed in these efforts.

Q. My question concerns the forthcoming agreement on the U.S. bases in Greece. Have you accepted, during your meeting with the Greek Foreign Minister, the Greek demands on the seven to ten ration in the military aid to Greece and Turkey and the Greek demand for a commitment by the U.S. Government to oppose any threat to the Aegean?

A. Let me assure you that the discussions I had with the Greek Foreign Minister on Sunday were most cordial, most constructive, and most important as a further step toward the completion of the necessary future agreement between the United States and Greece. I think in every area—and there were some four specific areas raised by the Foreign Minister of Greece which are associated with our ongoing discussions—we were able to move the problem somewhat constructively forward. I think it was a very successful discussion that we had. I will avoid answering the specifics of your question because they were neither appropriate to those discussions that we conducted nor do they serve any useful purpose.

Q. If there is a military *putsch* in Spain, will the United States give support to the Spanish regime?

A. I think that is a horse that has been beaten almost out of insensibility. I discussed this issue at length in my recent visit to Madrid, and I think it is clearly understood that it is the policy of the U.S. Government to neither favor nor condone the outcome your questions connoted.

Q. You mentioned the intention of following through with American obligations to TNF. Why should there have been any doubt about those intentions and if there were—which we here in Europe gather there were—what did you do to quell those doubts?

A. I think there has been some concern here in Europe about the character of various American proclamations and statements from a number of different sources. I think it is not unusual that that would raise well-meaning and understandable concerns with respect to American intentions. After all, it was the U.S. Government that agreed in 1979 to the provisions of the modernization consensus that involved two tracks, and I think the mere fact that I, based on President Reagan's decision this past week, was able to reaffirm not only our commitment to proceed on these two tracks but to do so in fairly timely fashion, clearly was a source of relief and a welcome reassurance on the part of our European partners.

Q. Do you have any doubts about your ability to continue to proceed on that track?

A. None whatsoever. I know everyone understands that it takes two to tango, and the Soviet Union is involved in the negotiations on theater nuclear arms control. So one cannot answer that. But with respect to the U.S. decision to abide by the two obligations incurred by all the parties which are directly involved, that means the modernization track itself and the arms control negotiating track will proceed without delay.

Q. Turning to Southwest Asia. How would the United States view German arms sales to Saudi Arabia with a view to helping stabilize the region?

A. I carry enough scar tissue to know how imprudent it is for a Foreign Minister or even an official of one government to comment on the internal affairs of another, and it is not my practice to do so.

Q. You are going to Brussels this afternoon, and you are going to meet Mr. Eyskens, the Belgian Prime Minister. What do you plan to discuss with him, and will you touch upon the reserves some partners in the Belgian Government have against the installation of the new missiles on Belgian territory?

A. No. I don't seek to use the opportunity to meet my friend and former acquaintance from my days in Brussels on the issue you raised, because I think this matter is in the proper NATO channels now, and we are all aware of the complications facing Belgium on this issue. While remaining basically optimistic about the ultimate outcome, I will use this as an opportunity to bring the Prime Minister abreast of these talks here and a number of other bilateral relationships between the United States and Belgium which I think are so important.

FINAL COMMUNIQUE, MAY 5, 1981[2]

The North Atlantic Council met in Ministerial session in Rome on 4th and 5th May 1981, deeply concerned at the continuing threats to security and international stability. Determined to counter these threats by effective restraints including firmness in defense and persistence in the search for peaceful solutions, Ministers in that spirit agreed to the following:

1. The strength and cohesion of the Alliance remain indispensable to guarantee the security of its members and thereby to foster stable international relations. This stability requires that all nations act with restraint and responsibility. Claims by the Soviet Union that it too subscribes to such policies are not borne out by Soviet deeds. The more constructive East-West relationship which the Allies seek requires tangible signs that the Soviet Union is prepared to abandon the disturbing build-up of its military strength, to desist from resorting to force and intimidation and to cease creating or exploiting situations of crisis and instability in the Third World.

2. The Soviet invasion and occupation of Afghanistan is a particularly flagrant example of violation of the principles of restraint and responsibility in international affairs. This occupation is now in its second year, with a mounting toll of human suffering and loss of life. It remains and will remain totally unacceptable to the Allies and to world opinion. The Soviet Union has ignored international condemnation of its actions and appeals by the United Nations, the Islamic Conference and the non-aligned movement. Soviet forces must be withdrawn and a political settlement must be found enabling the Afghan people to exercise fully their rights of independence and self-determination and permitting the two million refugees to return to their homes.

3. In Europe, efforts to restore East-West co-operation and exchanges on the basis of the Helsinki Final Act cannot but be severely undermined by the use of threat of force for intervention in the affairs of other countries. Poland must be left free to resolve its own problems. Any outside intervention would have the gravest consequences for international relations as a whole and would fundamentally change the entire international situation. The Allies, for their part, will continue to adhere strictly to their policy of non-intervention and they call on all other states to do the same.

4. In this situation, the Allies will strengthen their capability to deter aggression and act, individually or collectively, to encourage Soviet restraint and responsibility in international affairs with the goal of laying a stable basis for East-West relations. In pursuance of the established policies of the Alliance they will seek these objectives in particular in the following areas.

hanges in our methods for purchasing arms—the so-called acquisition process—designed to reduce costs and delays in our arms purchases in peacetime. In addition, these reforms will also improve our capability to mobilize industry in time of war or during a major emergency.

First, putting ourselves in position to expand our defense effort greatly, if we should have to, will be a very low-cost aspect of our defense program, yet one that brings great returns in defending our security.

Second, such steps have particular importance in countries like ours. Democracies find it difficult to conduct and persevere in an active, long-term defense and foreign policy. As De Tocqueville long ago pointed out: "Foreign policies demand scarcely any of those qualities which are peculiar to democracy; they require, on the contrary, the perfect use of almost all those in which it is deficient." By the same token, democracies are naturally adverse to maintaining huge armaments and large bodies of men on a war footing in peacetime. We cannot hope, nor would we want to match our adversaries in ground forces during peace. Hence, the readiness with which we could mobilize our industrial potential serves as our countervailing reserve of military strength.

Now, as our defense policies are developed and put into effect, some will carry on the earnest hunt for some easy label, some simplified tag to describe it so it will fit into a headline. I don't doubt that we will learn about "X's strategy," or "Y's doctrine." But in our fluid and complex world, the policies and doctrines that must guide our defense can never be final and complete, or be locked into dogmatic terms.

What we propose to do is clear. Why we do it should also be clear. There has been an enormous increase in Soviet strength. This is an ever-growing imbalance between their forces and ours.

- We feel we must strengthen the deterrent capabilities of our nuclear forces and move to redress the present strategic imbalance.
- We must maintain fully our conventional and nuclear deterrent commitment to NATO.
- Our global interest and commitments dictate that our armed forces acquire greater range, mobility, and survivability. That means naval power able to command the sealanes vital to us and our allies. It means developing, urgently, a better ability to respond to crises far from our shores and to stay there as long as necessary.
- The Arabian Gulf is such a vital area for us and our allies. The West's dependence on its oil means we must make sure we can respond effectively to threats in this region.
- This idea that all conventional wars will be short has been overtaken by events. Conventional wars could come in all sizes; if we vâlue our freedom, we must be able to defend ourselves in wars of any size and shape and in any region where we have vital interests.

We do not expect to do all these things overnight. Some of the tasks that face us are obviously continuing tasks. If we persevere—and the American people are determined to persevere—we can bring about changes not only in the strategic balance. Improved defense will bring with it greater international stability and a continuing hope that we can pass on to our descendents the inestimable privilege of peace with freedom.

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[1] Defense Department press release 176-81. ■

U.S. Policy and the Law of the Sea

by James L. Malone

Statement before the Subcommittee on Oceanography of the House Merchant Marine and Fisheries Committee on April 28, 1981. Mr. Malone is Chairman of the U.S. delegation to the Law of the Sea Conference and Assistant Secretary-designate for Oceans and International Environmental and Scientific Affairs.[1]

It is a pleasure to be given the opportunity to speak today about the recently concluded session of the Law of the Sea Conference and the Administration's policy review process. My statement will attempt to put into perspective this Administration's approach to the Third U.N. Conference on the Law of the Sea and the reasons why we adopted the decision to slow down the negotiating process just as it may have been about to finalize the draft convention text.

Preparation for the Third U.N. Conference on the Law of the Sea began in 1966. During the 15-year history of these negotiations, the United States has sought to protect U.S. oceans interests and has pressed for urgent solutions to what it perceived to be the problems of the law of the sea. The developing countries have approached the negotiators with a different perspective and sought economic concessions from the industrialized world, chiefly in the deep seabed part of the negotiations. Increasingly, important compromises to developing country interests were accepted by our negotiators in order to achieve the protection of U.S. interests as they defined them.

Informal Draft Convention

When this Administration took office, it was confronted with an informal draft convention on the Law of the Sea containing a number of provisions raising concerns. We were informed that the conference was on the verge of finalizing this text and that there was an expectation that the negotiations would conclude in 1981.

Many of the provisions of the draft convention prompted substantial criticism from industry, Congress, and the American public. There was also some question whether this draft convention was consistent with the stated goals of the Reagan Administration. Therefore, the Administration decided that it would be better to face criticism in the United Nations than to proceed prematurely to finalize a treaty that might fail to further our national interests. Many comments were made by foreign delegates and in the U.S. press about the manner in which we announced our decision to conduct a policy review and to appoint a new chief negotiator.

The decision to conduct the review was made as rapidly as possible, consistent with the many burdens and competing priorities faced by any new Administration. A change in the leadership of the American delegation was essential in order to ensure that other countries clearly understood our seriousness of purpose with respect to the review. That action was also necessary in order to send the signal to other delegations that the United States could not be induced to return immediately and, thus, prematurely, to the bargaining table by offers of minor technical changes to the draft convention. I am sure you can also appreciate that it would be less difficult for a new head of delegation to adhere to a negotiating posture that diverged from our past approach.

The argument has been made by some that the United States is failing to keep its commitments by reviewing its policy and possibly changing its position on subjects of importance. This, in my judgment, is an unconvincing argument. Shortly before the Carter Administration took office, leading representatives of the developing countries at the conference rejected treaty provisions they had previously negotiated and demanded substantial changes to the draft text then on the table as the price of future agreement. Those delegates entertained the hope that more favorable concessions could be extracted from a new administration which was thought to be more sympathetic to developing country positions in U.N. forums.

It has always been well understood at the Law of the Sea Conference that a successful treaty must be based on a package deal. The position that the Administration will take toward the contents of that package remains to be determined in the course of the review process. No nation is committed to the text in the sense that it is bound by it. In this regard I would like to quote from the conference president's preparatory note to the draft convention.

> This text like its predecessor will be informal in character. It is a negotiating text and not a negotiated text, and does not prejudice the position of any delegation.

Features of the Present Convention

Some of the features of the present draft convention raise questions as to whether they are consistent with U.S. interests. I will not, today, seek to identify other features of the text which have been considered to preserve or promote other U.S. interests. This will be part of the review process. The areas of concern include the following:

- The draft convention places under burdensome international regulation the development of all of the resources of the seabed and subsoil beyond the limits of national jurisdiction, representing approximately two-thirds of the Earth's submerged lands. These resources include polymetallic nodules. They also include mineral deposits beneath the surface of the seabed, about which nothing is known today but which may be of very substantial economic importance in the future.
- The draft convention would establish a supranational mining company called the Enterprise, which would benefit from significant discriminatory advantages relative to the companies of industrialized countries. Arguably, it could eventually monopolize production of seabed minerals. Moreover, the convention requires the United States and other nations to fund the initial capitalization of the Enterprise, in proportion to their contributions to the United Nations.
- Through its transfer of technology provisions, the convention compels the sale of proprietary information and technology now largely in U.S. hands. Under the convention, with certain restrictions, the Enterprise, through mandatory transfer, is guaranteed access on request to the seabed mining technology owned by private companies and also technology used by them but owned by others. The text further guarantees similar access to privately owned technology by any developing country planning to go into seabed mining. We must also carefully consider how such provisions relate to security-related technology.
- The draft convention limits the annual production of manganese nodules from the deep seabed, as well as the amount which any one company can mine for the first 20 years of production. The stated purpose of these controls is to avoid damaging the economy of any country which produces the same commodities on land. In short, it attempts to insulate land-based producers from competition with seabed mining. In doing so, the draft treaty could discourage potential investors, thereby creating artificial scarcities. In allocating seabed production, the International Seabed Resource Authority is granted substantial discretion to select among competing applications. Such discretion could be used to deny contracts to qualified American companies.
- The convention creates a one-nation, one-vote international organization which is governed by an assembly and a 36-member executive council. In the council, the Soviet Union and its allies have three guaranteed seats, but the United States must compete with its allies for any representation. The assembly is characterized as the "supreme" organ, and the specific policy decisions of the council must conform to the general policies of the assembly.
- The convention provides that, after 15 years of production, the provisions of the treaty will be reviewed to determine whether it has fulfilled overriding policy considerations, such as protection of land-based producers, promotion of Enterprise operations, and equitable distribution of mining rights. If two-thirds of the states' parties to the treaty wish to amend provisions concerning the system of exploitation, they may do so after 5 years of negotiation and after ratification by two-thirds of the states' parties. If the United States were to disagree with duly ratified changes, it would be bound by them, nevertheless, unless it exercised its option to denounce the entire treaty.
- The draft convention imposes revenue-sharing obligations on seabed mining corporations which would significantly increase the costs of seabed mining.
- The convention imposes an international revenue-sharing obligation on the production of hydrocarbons from the continental shelf beyond the 200-mile limit. Developing countries that are net importers of hydrocarbons are exempt from the obligation.
- The convention contains provisions concerning liberation movements, like the PLO [Palestine Liberation Organization], and their eligibility to obtain a share of the revenues of the Seabed Authority.
- The convention lacks any provisions for protecting investments made prior to entry into force of the convention.

On the basis of the foregoing difficulties and others, it is the best judgment of this Administration that this draft convention would not obtain the advice and consent of the Senate. Of course, since the treaty would require implementing legislation, the House would also have a major role that must be considered. We have reason to doubt that the House of Representatives would pass the necessary legislation to give effect to a treaty containing provisions such as these.

Administration's Review

The provisions I have mentioned raised questions for this Administration. We must seriously consider whether those provisions should be included in a treaty to which the United States would become a party, unless there were a

Brussels Nov. 29, 1969. Entered into force May 6, 1975. TIAS 8068.
Ratification deposited: Ireland, Aug. 21, 1980.
Accession deposited: Kuwait, Apr. 2, 1981.

International convention on civil liability for oil-pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.[3]
Accessions deposited: Kuwait, Apr. 2, 1981; Maldives, Mar. 16, 1981.

International convention on the establishment of an international fund for compensation for oil-pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.[3]
Accession deposited: Kuwait, Apr. 2, 1981.

Postal

Constitution of the Universal Postal Union with Final Protocol of July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981; Tuvalu, Feb. 3, 1981.

Additional protocol to the Constitution of the Universal Postal Union with Final Protocol of July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force Jan. 1, 1971. TIAS 7150.
Ratification deposited: Ivory Coast, Jan. 27, 1981.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981; Tuvalu, Feb. 3, 1981.

Second additional protocol to the Constitution of the Universal Postal Union of July 10, 1964. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Ratifications deposited: Ivory Coast, Jan. 27, 1981; Portugal, Feb. 12, 1981.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981[4]; Tuvalu, Feb. 3, 1981.[4]

General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.[4]
Ratifications deposited: Switzerland, Mar. 4, 1981; U.S., May 5, 1981.
Accessions: Maldives, Mar. 12, 1981; St. Vincent and Grenadines, Feb. 3, 1981.[4]

Money orders and postal travellers' checks agreement with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.
Ratifications deposited: Switzerland, Mar. 4, 1981; U.S., May 5, 1981.[4]

Postal Americas and Spain

Constitution of the Postal Union of the Americas and Spain. Done at Santiago Nov. 26, 1971. Entered into force July 1, 1972. TIAS 7480.
Ratification deposited: Bolivia, Dec. 24, 1980.

Additional protocol to the constitution of the Postal Union of the Americas and Spain, general regulations, regulations governing the International Office and the Transfer Office, and convention with final protocol and detailed regulations. Done at Lima Mar. 18, 1976. Entered into force Oct. 1, 1976. TIAS 9206.
Ratification deposited: Bolivia, Dec. 24, 1980.

Parcel post agreement, final protocol, and detailed regulations of the Postal Union of the Americas and Spain. Done at Lima Mar. 18, 1976. Entered into force Oct. 1, 1976. TIAS 9206.
Ratification deposited: Bolivia, Dec. 24, 1980.

Property—Industrial-Classification

Nice agreement concerning the international classification of goods and services for the purposes of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6, 1979.[3]
Ratification deposited: Norway, Apr. 6, 1981.

Red Cross

Geneva convention for the amelioration of the condition of the wounded and sick in armed forces in the field. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3362.

Geneva convention for the amelioration of the condition of the wounded, sick, and shipwrecked members of armed forces at sea. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. TIAS 3363.

Geneva convention relative to the treatment of prisoners of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3364.

Geneva convention relative to the protection of civilian persons in time of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3365.
Notifications of succession: Tuvalu, Feb. 19, 1981[5]; Grenada, Apr. 13, 1981.[6]
Notification of accession: St. Vincent and the Grenadines, Apr. 1, 1981.

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Lesotho, May 14, 1981.

Safety at Sea

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981.
Proclaimed by the President: May 15, 1981.

Seals

1980 Protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on the conservation of North Pacific fur seals (TIAS 3948, 5558, 6774, 8368). Done at Washington Oct. 14, 1980.[1]
Ratification deposited: Japan, May 28, 1981.

Transportation

Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976.[3]
Accession deposited: Morocco, Mar. 5, 1981.

U.N. Industrial Development Organization

Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Signatures: Ukrainian S.S.R., Dec. 12, 1980; Dominican Republic, May 8, 1981; Guatemala, May 13, 1981; Comoros, May 18, 1981.
Ratifications deposited: Brazil, Dec. 10, 1980; Argentina, Mar. 6, 1981; Austria, May 14, 1981; Zambia, May 15, 1981.

Wheat

1981 protocol for the sixth extension of the wheat trade convention, 1971 (TIAS 7144, 9878). Done at Washington Mar. 24, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signatures: Algeria, Guatemala, Peru, South Africa, Spain, Trinidad and Tobago, U.S.S.R., May 15, 1981; Argentina, Belgium, Denmark, EEC, France, F.R.G., Greece, Italy, Luxembourg, Netherlands, U.K.[7], May 14, 1981; Australia, Finland, Japan, Vatican City State, May 12, 1981; Austria, Korea, Rep. of, Mauritius, May 7, 1981; Cuba, U.S., May 8, 1981; Iraq, May 11, 1981; Kenya, Apr. 16, 1981; Portugal, May 13, 1981; Saudi Arabia, Apr. 30, 1981; Switzerland, May 6, 1981; Venezuela, May 5, 1981.
Declarations of provisional application deposited: Belgium, EEC, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands[8], U.N., May 14, 1981; Cuba, May 8, 1981; Finland, May 12, 1981; Spain, May 15, 1981; Tunisia, Apr. 29, 1981.
Ratification deposited: Switzerland, May 6, 1981.

1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signatures: Argentina, Belgium, Denmark, EEC, France, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands, U.K.[7], May 14, 1981; Australia, Finland, Japan, May 12, 1981; Austria, May 7, 1981; Spain, May 15, 1981; Switzerland[4], May 6, 1981; U.S., May 8, 1981.
Declarations of provisional application deposited: Belgium, EEC, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands[8], U.K., May 14, 1981; Finland, May 12, 1981; Spain[4], May 15, 1981.
Ratification deposited: Switzerland[4], May 6, 1981.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Signature: Uruguay, Mar. 30. 1981.

BILATERAL

Canada

Treaty on Pacific coast albacore tuna vessels and port privileges, with annexes. Signed at Washington May 26, 1981. Enters into force upon the exchange of instruments of ratification.

Administrative arrangement for the implementation of the agreement on social security concluded on Mar. 11, 1981. Signed at Washington May 22, 1981. Enters into force on the date of entry into force of the agreement on social security.

Memorandum of understanding on cooperation in geological sciences. Signed at Reston Apr. 2, 1981. Entered into force Apr. 2, 1981.

Treaty to submit to binding dispute settlement the delimitation of the maritime boundary in the Gulf of Maine area with annexed agreements. Signed at Washington Mar. 29, 1979.
Senate advice and consent to ratification: Apr. 29, 1981 with amendments.

Memorandum of understanding on cooperation in remote sensing. Signed at Reston Apr. 2, 1981. Entered into force Apr. 2, 1981.

Cook Islands

Agreement relating to the establishment of a Peace Corps program in the Cook Islands. Effected by exchange of notes at Wellington and Rarotonga Apr. 28, 1981. Entered into force Apr. 28, 1981.

Egypt

Agreement amending the agreement for sales of agricultural commodities of Dec. 14, 1980. Effected by exchange of notes at Cairo Apr. 21, 1981. Entered into force Apr. 21, 1981.

Ghana

Agreement for sales of agricultural commodities, relating to the agreement of Apr. 14, 1980 (TIAS 9738), with agreed minutes. Signed at Accra Mar. 31, 1981. Entered into force Mar. 31, 1981.

India

Agreement amending the agreement of Dec. 30, 1977, as amended (TIAS 9036, 9232, 9578, 9663, 9764, 9913), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington Apr. 22 and 23, 1981. Entered into force Apr. 23, 1981.

Korea

Agreement establishing the Korean-American Cultural Exchange Committee. Effected by exchange of notes at Seoul Apr. 17, 1981. Entered into force Apr. 17, 1981.

Lebanon

Investment incentive agreement. Effected by exchange of notes at Beirut Sept. 17, 1980 and Feb. 10, 1981.
Entered into force: Apr. 30, 1981.

Mexico

Agreement relating to additional cooperative arrangement to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Apr. 8, 1981. Entered into force Apr. 8, 1981.

Agreement amending the agreement of July 25, 1980 (TIAS 9822) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Mar. 31, 1981. Entered into force Mar. 31, 1981.

Memorandum of understanding covering scientific cooperation in earth resources. Signed at Washington Jan. 19, 1981. Entered into force Apr. 8, 1981.

Papua New Guinea

Search and rescue memorandum of understanding. Signed at Honolulu and Port Moresby Nov. 8, 1980 and Feb. 26, 1981. Entered into force Feb. 26, 1981.

Portugal

Agreement amending the agreement for sales of agricultural commodities of June 24, 1980. Effected by exchange of notes at Lisbon Mar. 27 and Apr. 8, 1981. Entered into force Apr. 8, 1981.

Romania

Program of cooperation and exchanges in educational, cultural, scientific, technological, and other fields for the years 1981 and 1982, with annex. Signed at Bucharest May 21, 1981. Entered into force May 21, 1981; effective Jan. 1, 1981.

Sierra Leone

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 31, 1978 (TIAS 9210), with memorandum of negotiations. Signed at Freetown Mar. 25, 1981. Entered into force Mar. 25, 1981.

Sri Lanka

Agreement amending the agreement of July 7, 1980 (TIAS 9869), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Colombo Mar. 16, 1981. Entered into force Mar. 16, 1981.

Sweden

Supplementary convention on extradition. Signed at Washington May 27, 1981. Enters into force upon the exchange of ratifications.

Tanzania

Agreement for sales of agricultural commodities, relating to the agreement of June 15, 1976 (TIAS 8310), with minutes of negotiating meeting. Signed at Dar es Salaam May 5, 1981. Entered into force May 5, 1981.

Venezuela

Agreement continuing in effect safeguards and guarantee provisions of the agreement of Oct. 8, 1958, as amended (TIAS 4416, 6945), for cooperation concerning civil uses of atomic energy. Effected by exchange of notes at Caracas Feb. 18, 1981. Entered into force Feb. 18, 1981.

Memorandum of understanding on cooperation in earth resources and geological phenomena. Signed at Washington and Caracas Feb. 5 and 7, 1980. Enters into force upon signature by both parties or upon entry into force of Jan. 11, 1980 agreement for scientific and technological cooperation, whichever date is later.

Yugoslavia

Agreement amending and extending the memorandum of understanding relating to the air transport agreement of Dec. 15, 1977 (TIAS 9364). Effected by exchange of notes at Belgrade Mar. 13 and 26, 1981. Entered into force Mar. 26, 1981; effective Apr. 1, 1981.

Zaire

Implementation agreement regarding the consolidation and rescheduling of repayments due under Agency for International Development loans. Signed at Kinshasa Apr. 8, 1981. Entered into force Apr. 8, 1981.

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[1] Not in force.

[2] With statement.

[3] Not in force for the U.S.

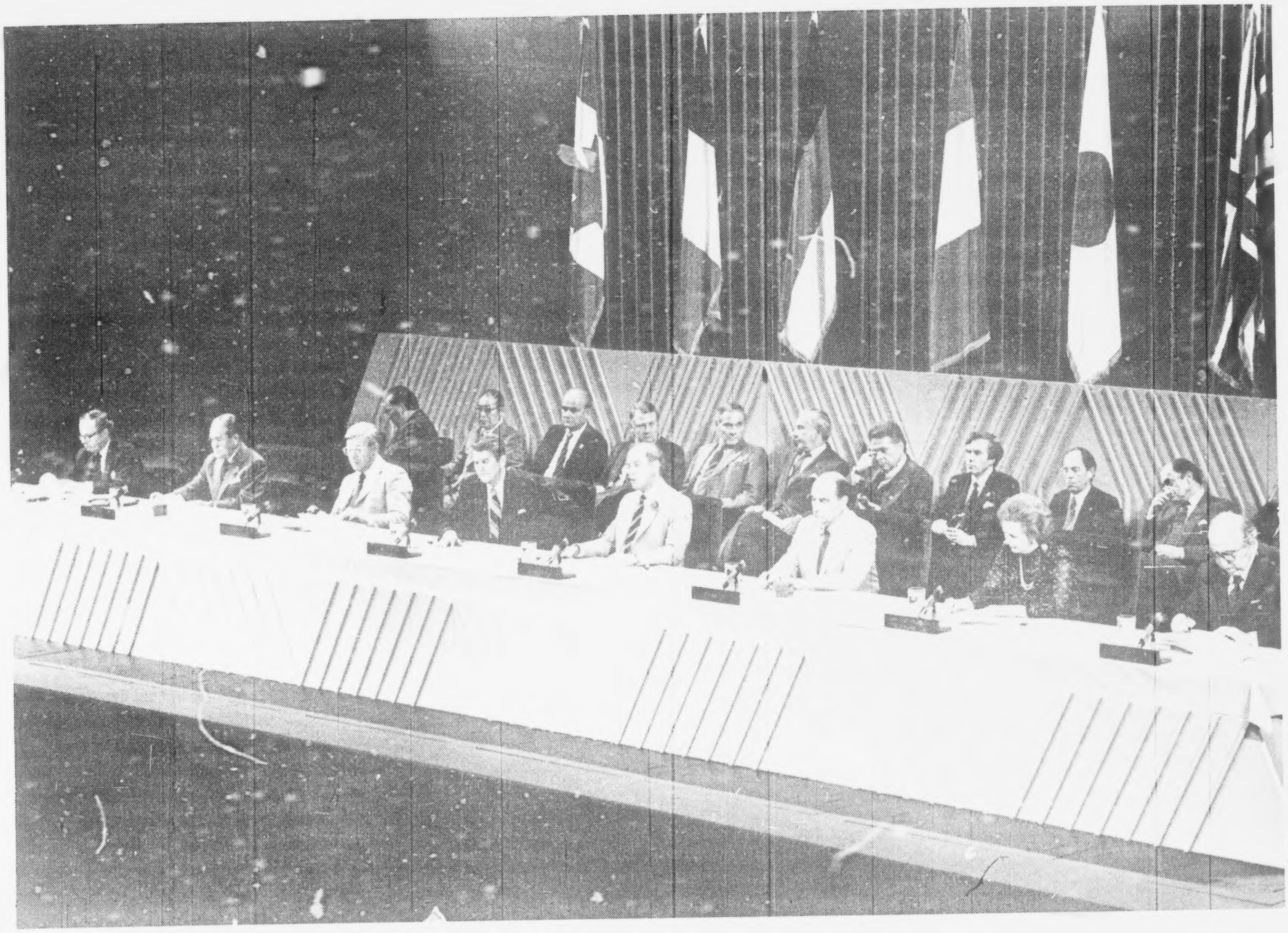
[4] With reservation(s).

[5] Effective from date of independence, Oct. 1, 1978.

[6] Effective from date of independence, Feb. 7, 1974.

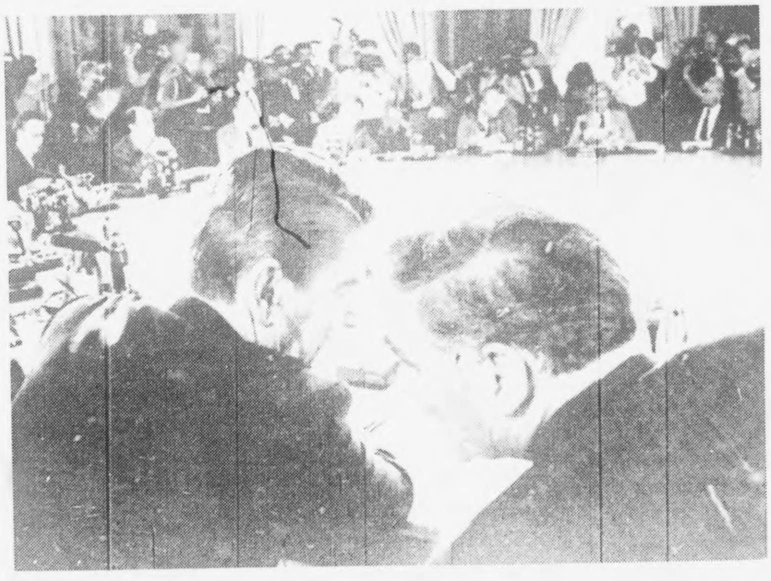
[7] With territorial application to: The Bailiwick of Guernsey, the Isle of Man, Belize, Bermuda, British Virgin Islands, Gibraltar, Hong Kong, Montserrat, St. Helena and dependencies.

[8] With respect to the Kingdom in Europe. ■



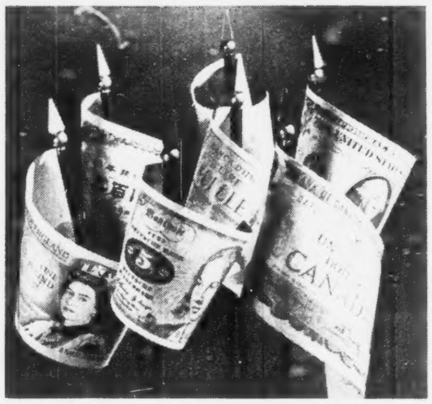
UPI photo

White House photo by Michael Evans



UPI photo

President Reagan Attends Economic Summit in Canada



President Reagan attended the seventh economic summit of the industrialized nations July 19–21, 1981, at the Chateau Montebello (62 miles east of Ottawa) and in Ottawa. The other participants were Canadian Prime Minister Pierre-Elliott Trudeau, chairman of the summit; French President Francois Mitterrand; West German Chancellor Helmut Schmidt; Italian Prime Minister Giovanni Spadolini; Japanese Prime Minister Zenko Suzuki; British Prime Minister Margaret Thatcher; and European Communities Commission President Gaston Thorn.

Following are the texts of press briefings held by Secretary Haig and Treasury Secretary Donald T. Regan; the declaration issued at the conclusion of the summit; the concluding statements of the eight participants; and statements released to the press on a summary of political issues and terrorism.

Secretary Haig's Press Briefing

Washington
July 19, 1981[1]

As you know, this is the seventh of our major industrial power economic summits. This one at Montebello, Canada; it's outside of Ottawa proper.

The first one of these was held at Rambouillet [France] in 1975, and it was really conceived to deal with the consequences of the 1973 war and the oil crisis and its impact on the Western industrialized nations. Ottawa thus completes the first cycle of the meetings hosted by each of the principles. It is, like its predecessors, essentially an economic summit. But there will be opportunities, as there always are on such occasions, for political discussions. And on this occasion, I'm sure it will be no exception.

The purposes of the summit are to enable the heads of government to get to know each other personally, to exchange views on major problems and prospects in a relaxed, informal atmosphere and setting, and to seek agreement on what we refer to as "cooperative approaches;" the major focus, of course, will be economics. There are broad topics under that heading: macroeconomic policy involving all Western industrialized nations in which there are common problems—economic growth, levels of employment, and the common struggle against inflation. There will also be discussions on the North-South dialogue, if you will, on relations between developed and developing nations. There will be discussions on energy, trade, and East-West economic relations.

These summit meetings express a basic and inescapable reality—that the participating nations, with the most advanced economics in the world, are increasingly interrelated. We used that term some years ago. It's a manifestation of the emerging interdependence amóng developed states and the coordination of policies which recognize that imperatives have become increasingly important.

Developments in policies in one area affect policies and developments in another. This requires close and continuous consultation not only to consider their own interests, that is, the world system at large. It has never been more true in the history of mankind that we either hang together or hang separately. Our enormous power has to be matched by equivalent responsibility.

These summits are primarily addressed to economic subjects of common interest, and this is the way it should be. But economics and politics are closely intertwined. Our economic policies inevitably have important political implications, both domestically and abroad. And that will clearly surface during this summit.

Each of the participating nations faces, in various degrees, difficult economic problems today. It's a common situation that we're all faced with, characterized by rising inflation, high levels of unemployment, slow economic growth, excessive dependence on imports of oil, and other increasingly scarce raw materials as well.

The President came into office committed to trying to put the U.S. economy on the path of sustained, noninflationary growth. He proposed a major recovery program to the American people, and it's been very well received. That reflects the disappointment and frustration with past policies that failed to address fundamental and

Concluding Statements

Ottawa
July 21, 1981[5]

Prime Minister Trudeau

I should wish first on behalf of my colleagues at the table here to express our welcome to the press here and in accordance with the practices, established practices, and as chairman of the summit meeting this year, I must make a statement summarizing the main points we have dealt with in the course of the last few days, and each of my colleagues will in turn speak to you.

The Ottawa summit was met at a time of rapid change and great challenge to world economic progress and peace. East-West relations have been affected by the increase in the armed forces of the U.S.S.R. and its ever increasing presence in the world. The political and economic situation of many countries has made it difficult for them to adapt to the new changes. The members of the summit meeting have also been victims of these changes, and whatever we have attempted to do in the course of the last years was not necessarily carried out. We have had to reexamine the situation and restructure our activities so that, of course, there has been some pessimism about this summit.

Of course, it seemed to have been a difficult one but in my dual capacity as a participant and chairman I am able to say, "No, the pessimists were not justified." We have met for many hours, and these contacts have promoted mutual trust and confidence in facing the crises we may have to—which challenge us. We've had very comprehensive discussions and frank discussions during our meetings. We have not tried to hide our divergences. We realize that we are dealing with economies which have different structures and have different reactions to the evolving situation. We have agreed that we could not revitalize our economies by isolating ourselves from one another. We have agreed on the fundamentals and realize we must take into account in our politics the impact it may have on our partners.

The whole burden of that fight cannot be made on monetary policy alone. And third, levels and movements of interest rates in one country can make life more difficult for other countries by influencing the exchange rates. This is something to which we must all remain sensitive and which we must try to minimize. We must also pursue responsible trade policies.

Over the years, as summit partners, we have warned against succumbing to the temptation of protection. These warnings have served us well. If we had drifted into protectionism, we might have conjured up an economic crisis similar to that of the 1930s. We have reiterated our strong commitment to an open, liberal, and multilateral trading system. We have agreed to deal with trade distortions. But we are determined not to lay the burdens of adjustment at the doorstep of our neighbors. We are looking forward to working with others on a trade agenda for the 1980s. I regard this consensus about trade policy as one of the most important to have emerged from our meeting, not least for a major trading nation like Canada.

One of the uncertainties hovering over this summit was how it would deal with the North-South relationship. It's no secret to anyone that I attach very great importance to that relationship as an element of fundamental equity, of mutual interests and benefits, and of global security.

The Ottawa summit was the first of a series of important meetings this year where the North-South relationship will be at the center of the agenda. It seemed important to me, therefore, that the signal emanating from Ottawa should be clear and that it should be positive. For the signal to be persuasive, it had to come from all of us jointly. That was the purpose of much of the travel, that as chairman of this year's meetings, I undertook in the weeks immediately preceding the summit.

The world looked to the Ottawa summit for some sign of movement, some basis for hope that progress is possible, that the logjam can be broken. I'm very pleased with what we've been able to achieve. Our discussions showed a common appreciation of the magnitude of the problem and a common readiness to respond to it. There is now a disposition on the part of all summit countries to pursue any opportunity for meaningful progress, including what are known as "global negotiations." That openness to the process of global negotiations represents a consensus which did not exist before our summit and seemed very remote not too many months ago.

The message we send from this meeting to the developing countries is the following: First, we respect your independence and support genuine nonalignment as a contribution to international peace and stability and as a basis for cooperation. Second, we look to you to play a full part in the international economic system and to become closely integrated to it. Third, we are ready to participate with you in preparations for a process of global negotiations. Fourth, we appreciate the problems of energy supply which you are encountering and are prepared to join with the surplus oil-exporting countries in examining how best we might jointly help you in developing your indigenous energy reserves. Five, we recognize the importance of more food production in your countries and of greater world security and will try to make increased resources available for these purposes. Six, we will maintain our strong multilateral commitment to the international financial institutions and to the role they have played in alleviating the problems of development. And lastly, we will direct the major portion of our aid to the poorer countries.

On the occasion of this year's summit meeting, it seemed to us we could not ignore the fact that the strengthening of the armed forces in the Soviet Union has had an impact on the resources of our country and on the orientations which we have had to follow. We are convinced of the need for a strong defense capability, but we're also open to the possibility of dialogue and negotiation with the Soviet Union, particularly as regards nuclear armaments and security with less armaments and diminished cost.

I should wish, in conclusion, as Prime Minister of Canada, to say that we were very happy to be the host nation of this summit meeting. I am particularly grateful to all of those who have accepted the challenge for this great endeavor and have provided the maximum in assuring success. May I be permitted also to express deep gratitude to my colleagues at this table for having made my task so easy and to wish them Godspeed as they return to their own countries.

President Reagan

I am sure I speak for all of us in thanking you for the welcome we've had and the hospitality that we've enjoyed during our 2 days together in Montebello. *Merci.*

You've been a most gracious host and my fellow countrymen and I shall long be grateful. Not long ago the conventional wisdom was that our seven nations were more sharply divided than any time in years. Only three of us had attended an economic summit before and the rest of us are still in the first grade—the first year class.

To the outside world this looked like it would be a difficult summit. Inflation rates are running at incredible levels. Unemployment disrupts the lives of millions of people and new fears of protectionism are sweeping across our continents. The agenda of Montebello represented an enormous challenge for all of us. The true measure of these past 2 days—days filled with candid but always friendly talks—is that we leave with a true sense of common understanding and common purpose. We've discussed at great length how each one of us is addressing economic problems at home while working in concert to assure that we are sensitive to the impact of our actions upon our partners.

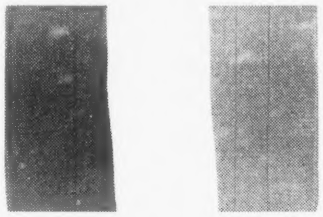
I'm grateful to the other leaders here for their degree of understanding and support for the economic policies we're embarked upon in the United States. We have also resolved that we shall resist protectionism and support an open, expanding system for multilateral trade. And, as you have been told by the Prime Minister, we shall work together in helping the developing nations move toward full partnership in that system.

As Chancellor Schmidt has told us, our unity in economic matters is the best insurance we have against a return to the disastrous "beggar-thy-neighbor" policies of another era.

Economic unity and political unity are two great goals we must continue to pursue. All our nations share democratic institutions based on a belief in human dignity, freedom, and the preeminence of the individual. I believe that we depart with fresh confidence and optimism about the future of democratic values and our societies.

Many uncertainties still lie ahead; much remains to be done. But, as an American, I would like to recall for you an inspiring story of my native land. It's the story of young Franklin Roosevelt, who was struck down by polio in the prime of life and then, struggling to cover and to scale new heights. I mention it because much of that struggle took place on a little island not too far from here in New Brunswick, Canada, and the story is remembered by a very appropriate title, "Sunrise at Campebello."

Today, as we leave Montebello, I just can't resist the suggestion that over the past few years our nations have suffered from an affliction too, an economic affliction. I hope sometime in the future people will look back and say that here, in these talks, we began to put our nations back on the road to economic recovery and that a new sun rose at Montebello. That is a hope I know all of us share.



President Mitterrand

I too would like to express my thanks to Mr. Pierre-Elliott Trudeau, Prime Minister, and I would like to thank the Canadian Government for its excellent welcome and for the very favorable conditions under which the Ottawa, or Montebello, summit was carried out.

These conditions were so favorable that we were able to progress, to achieve work, and even to achieve some conclusions. You know that France has an original policy—a new policy, if you like—within this framework as compared to the theme generally put forward. I call this an original policy. It is our own peculiar policy. We have our own objectives, and it was important for us to see whether it was possible—and I had no doubt this was possible—for us to fulfill this policy in harmony with the others. By the others, I mean our main partners—those represented here and a few others as well.

This has been possible partly because everybody participated, partly because everybody has realized what elements in our own policies can harm other countries' policies and what must, therefore, be set aside.

We have all realized what can be favorable to our common success and should, thus, be supported. But this has succeeded also because France is in favor of solidarity. We support, first of all, our friends. We think of history, particularly the history of the past half century in which we have seen disruptions, crises, and war, and we, thus, are united behind a certain number of fundamental changes particularly freedom—freedom concerning the international level and freedom concerning democracy and democratic values within each of our countries.

We stand solidly behind our friends, and we also fully support those who, without being represented here, have been kept in mind many of our discussions and in many, in fact, of our decisions. I'm thinking more particularly of the countries of the Third World, more particularly the poorer among the countries of the Third World.

Right from the beginning, I wanted to emphasize the fact that we have to cooperate, to restrict as much as possible erratic exchange rates in our currencies, and to avoid as much as possible, as well, high interest rates. This is not a French problem. It is a European problem. In fact, I can say that this is a worldwide problem. I can say this taking into account possible consequences of present trends.

If you have a look at the text of our communique, you will see that there are

5. They will ensure their solidarity, consulting closely in the North Atlantic Council on all matters affecting security and East-West relations. In the same spirit, they will strive, in particular by providing assistance for the economically less advanced member countries, to strengthen the economic and social stability of the Alliance as a whole in accordance with Article 2 of the North Atlantic Treaty.

6. In the area of military capability, the increase in Warsaw Pact military power has created a disturbingly adverse trend in the military balance between East and West, particularly in Europe. The Allies agree that assuring an overall military balance between NATO and the Warsaw Pact is fundamental to the security of the Alliance, the enforcement of restraint and the maintenance of peace. They are resolved to make available all the resources needed to provide the requisite strengthening of their deterrent and defense forces.

7. Genuine non-alignment is an important factor for stability in the world. The Allies will continue to consult among themselves and to work together with others to encourage stability and reduce the risks of crisis in the Third World, especially where the independence of sovereign nations is threatened. The maintenance of this independence, peace and international equilibrium is a vital interest of the West. Political settlements must be found to crisis or conflict situations, especially when they affect sensitive areas such as the Middle East, South-East and South-West Asia or Southern Africa; the Allies desire to work to this end in co-operation with other countries.

The stability and genuine non-alignment of Third World countries also depend on the freedom to develop economically and socially without outside interference. All states must refrain from exploiting social problems or fomenting instability for political advantage. Equally, all must contribute actively to strengthening the economies of developing countries and to the fight against hunger, poverty and under-development. For their part, the Western nations also offer these countries the trade technology and respect for political sovereignty that are vital for their independence and economic well-being.

A number of allied countries possess, or are determined to acquire, the capability to deter aggression and to respond to requests by nations for help in resisting threats to their security or independence.

8. They will maintain a dialogue with the Soviet Union and will work together for genuine detente and the development of East-West relations, whenever Soviet behavior makes this possible. The principles and provisions of the Helsinki Final Act provide a code of conduct that must be observed by all the signatories. At the CSCE [Conference on Security and Cooperation in Europe] meeting in Madrid, the Allies seek substantive and balanced results which will lead to better implementation of these principles and provisions, including respect for human rights, improved human contacts, a freer flow of information and enhanced security and cooperation. This would clearly demonstrate the continuing value of the CSCE process.

The Allies reaffirm their support for the French proposal for a conference of disarmament in Europe aimed at achieving in an initial phase an agreement on a coherent set of militarily significant, binding and verifiable confidence-building measures, applicable throughout the European Continent from the Atlantic to the Urals. Underlining the importance they attach to such a conference taking place as an integral part of the CSCE process, they consider that it would be for a future CSCE followup meeting to examine ways of continuing their efforts for security and disarmament, in the light of the progress achieved by the end of the initial phase of the conference and taking into account other current negotiations. While welcoming the progress made so far, they express the hope that, as part of a balanced outcome, agreement can be reached at Madrid on a precise and unambiguous mandate incorporating the above criteria.

23d Report on Cyprus

MESSAGE TO THE CONGRESS, JAN. 19, 1981[1]

In accordance with the provision of Public Law 95–384, I am submitting the following report on progress made during the past 60 days toward reaching a negotiated settlement of the Cyprus problem.

As I noted in my last report, the intercommunal talks between representatives of the Greek and Turkish Cypriot communities, which resumed in August 1980, have continued their substantive examination of the issues which divide the island. Under the chairmanship of the UN Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi, both sides have pursued analysis and discussion of the four basic areas agreed upon for examination. Meetings were held on November 19 and 26 and December 3 and 8 before breaking for a mutually-agreed end-of-year recess. The talks resumed routinely with a meeting on January 7 and can be expected to continue in weekly sessions.

We have been encouraged by the serious, nonpolemic approach taken by the negotiators in their effort to devise mutually acceptable positions. Throughout the discussions, the negotiating atmosphere has remained businesslike and positive.

The United Nations has continued to pay close attention to Cyprus developments. In his December 1 report on Cyprus, Secretary General Waldheim reviewed developments to date, noting that "Some common ground has been indicated on certain practical questions." He suggested that while "progress so far has been slow, the discussions have been on the whole constructive . . ." and cautioned that a problem lying ahead is "the difficult issue of how and where to start the actual give-and-take which is the essence of an effective negotiating process." The Secretary General also expressed the judgment that while a complex negotiating process such as the Cyprus intercommunal talks must proceed with caution, " . . . it must also, if it is to maintain its credibility, produce concrete results."

I have noted with pleasure that the Secretary General intends to remain directly engaged in the negotiating process. He met in New York in mid-December with Cyprus Foreign Minister Rolandis and with Kenan Atakol, foreign affairs spokesman for the Turkish Cypriot community.

The United States continues fully to support the Secretary General's efforts and those of his Special Representative on Cyprus to reach mutually agreeable solutions to the Cyprus problem. This support has been conveyed on several occasions to Secretary General Waldheim and was expressed also by Secretary Muskie to Turkish Foreign Minister Turkmen and to Greek Foreign Minister Mitsotakis in separate meetings at the NATO Ministerial meeting in Brussels December 10–11, 1980.

I am also pleased to note that on December 11, 1980, the Security Council passed without dissent a resolution extending the mandate of the UN Peacekeeping Force in Cyprus (UNFICYP) to June 15, 1981. Other Security Council members continue to share our view that UNFICYP plays a vital role in maintaining the atmosphere of calm conducive to fruitful negotiation within the intercommunal talks.

The Cyprus problem remains on the international agenda. Its historical complexities suggest that only perseverance, patience and political courage of the highest order will bring about a just and lasting settlement. I remain hopeful that the good start represented by the intercommunal negotiations will evolve in the near future into a comprehensive solution that will benefit all the people of Cyprus.

Sincerely,

JIMMY CARTER

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[1] Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, Chairman of the Senate Foreign Relations Committee (text from the Weekly Compilation of Presidential Documents of January 20, 1981). ■

9. Arms control and disarmament, together with deterrence and defense, are integral parts of Alliance security policy. The Allies support negotiations to achieve meaningful restraints on Soviet military power and to improve security. The object of this policy is a stable military balance, if possible at reduced levels of forces. The Allies stress the value of stabilizing, equitable and verifiable arms control through limitations of Soviet and U.S. strategic arms. They recognize that arms control negotiations can only lead to fruitful results in an international climate of confidence.

10. The Allies taking part in the Vienna negotiations on Mutual and Balanced Force Reductions continue in their determination to achieve genuine manpower parity in the form of a common collective ceiling based on agreed data. They regret that no substantial progress has been made in the negotiations, largely because the Eastern participating states are still unprepared to make the required contribution to the clarification of the data problem

11. The Allies continue to attach particular importance to the maintenance of the calm situation in and around Berlin. The strict observance and full implementation of the Quadripartite Agreement of 3 September 1971 remain vitally important for security in Europe, East-West relations and the international situation as a whole. The Alliance continues to support the efforts being made by the Federal Republic of Germany to secure the cancellation of the increase in the minimum exchange requirements imposed by the GDR [German Democratic Republic], which is having a particularly adverse effect on the number of tourists and visitors travelling to the GDR and East Berlin.

12. The Allies who participated in the December 1979 NATO decision on LRTNF [long-range theater nuclear force] modernization and arms control reaffirmed their commitment to that decision. They emphasized that in light of increasing Soviet LRTNF deployments which in the case of the SS-20 already exceed the total LRTNF deployment planned by NATO, the modernizing of NATO's LRTNF is more essential than ever, and offers the only realistic basis for parallel TNF arms control. Since the December 1979 decision, Soviet threats and efforts to divide the Allies have only strengthened their resolve to take the steps necessary to maintain deterrence, redress the imbalance of LRTNF, and ensure their security. The latest Soviet proposal for a moratorium of LRTNF deployments is wholly unacceptable to these Allies. It would freeze them into inferiority by blocking the NATO modernization programme altogether. Moreover, the proposal would permit the Soviets to increase the threat to NATO by failing to limit systems capable of striking Allied territory from east of the Urals.

These Allies welcome the intention of the United States to begin negotiations with the Soviet Union on TNF arms control within the SALT framework by the end of the year. The American Secretary of State intends to discuss the timing and procedures for these negotiations with Foreign Minister Gromyko in September at the United Nations. These negotiations will rely on an updated Alliance threat assessment and a study of functional requirements for NATO TNF to be undertaken within the framework of the Special Consultative Group and the High Level Group as matters of immediate priority.

DECLARATION ON TERRORISM MAY 4, 1981

The Foreign Ministers and representatives of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United Kingdom and the United States recalled previous declarations regarding the condemnation, prevention and suppression of all acts of terrorism including those involving attacks on the personnel of diplomatic and consular missions and their premises. They noted with deep concern the suffering inflicted on human lives as well as the negative impact of the continuation and spread of such acts on the social and political institutions of individual countries and on international relations. They deplored the recent resurgence of armed attacks, hi-jacking and kidnapping aimed at obtaining political concessions. They vigorously condemned all acts of terrorism regardless of their origins, causes or purposes as a flagrant violation of human dignity and rights. They agreed on the necessity, in accordance with the legislation of each country, for effective bilateral and multilateral co-operation to prevent and combat all acts of terrorism. Particularly reprehensible are those sponsored, supported or endorsed by governments. They expressed their determination to take all necessary measures to ensure effectively the security of all official representatives and persons who participate on their territories in activities within the scope of diplomatic, consular and other official relations.

MINUTES EXTRACT, MAY 5, 1981

Extracts for Publication From the Minutes of the Ministerial Meeting of the Council

In addition to the communique, the Foreign Ministers decided to publish the following extracts from the minutes of their meeting of the 4th and 5th May 1981:

Economic Co-operation and Assistance Within the Alliance

In the light of continued economic difficulties which in particular affect the less advanced members, Ministers noted that further assistance was necessary to help Turkey to overcome her severe economic problems, and that this question would be discussed shortly in the OECD [Organization for Economic Cooperation and Development]. They expressed satisfaction at the general improvement in the economic situation in Portugal over the last year, noting however the need for further assistance. They welcomed the accession of Greece to the European Community, expecting this to strengthen her ties with member countries and over the longer term to lead to a steady improvement of the Greek economy. Ministers underlined that continued support was essential for solving the longer term economic problems of these countries which would contribute to the consolidation of Alliance strength and solidarity.

In this connection they re-emphasized the need to bear in mind the interests of these countries in co-operative arrangements, both in the sphere of defence equipment and in the general scientific field, so that they can play a fuller part in making more effective use of the resources of the Alliance as a whole.

The Situation in the Mediterranean

Ministers noted the report on the situation in the Mediterranean prepared on their instructions and underlined again the necessity of maintaining the balance of forces in the whole area. They requested the Council in permanent session to continue to consult on the question and submit a further report at their next meeting.

Infrastructure

Ministers considered a report on substantive elements of the current NATO infrastructure programme.

Civil Emergency Planning— State of Civil Preparedness

Ministers examined a report on the state of civil preparedness in the Alliance. They noted that improvements had been achieved over the last two years, but endorsed the view that enhanced planning and devotion of budgetary allocations were needed to enable the remaining weaknesses and deficiencies to be overcome. This would help civil emergency planning to play a better part in strengthening the security of the Alliance. To that end, Ministers issued guidance for civil emergency planning over the next four years.

countervailing national policy interest. The review will evaluate all of our national interests and objectives, including national security, to determine the extent to which they are protected by the draft convention, to identify necessary modifications to the convention. The review will also examine, with great care, whether these same interests and objectives would fare better or worse in the absence of a treaty.

During the course of the review, we will consult with the Congress, with other nations, including our principal allies, and with a broad spectrum of the private sector. We anticipate that this will be a fairly lengthy process. The Administration believes that any decision concerning a subject as comprehensive and complex as this one must be taken with deliberation and with keen understanding of foreign and domestic reactions. Accordingly, we have determined that the policy review process cannot be fully completed before the resumed 10th session of the Law of the Sea Conference in Geneva this August. We must have time to insure adequate opportunity to test our tentative views with the widest possible number of countries.

At the recently concluded session of the conference, disappointment and apprehension were, indeed, registered at the decision of the United States to undertake such a sweeping review, although this reaction was not universal. The Administration realizes the concern and disappointment that this decision has engendered. However, we feel strongly that the American people would wish to see this review occur rather than being plunged headlong into this treaty.

We think that the world community, too, will be better served if we return to the conference with a realistic assessment of what will satisfy our people and our Congress. The Administration does not wish to be in a position of misleading other countries into concluding a treaty they will expect us to ratify a treaty which, in many respects, is believed by them to satisfy our national interests and then find us unable to participate in the final result.

Summary of New York Session

As could have been expected in the light of the U.S. position, the session in New York this spring was, relative to previous sessions, inactive. We were not in a position to negotiate on substance and, because our participation is vital to the formation of consensus, participants in the conference were unwilling to proceed without us. There was some activity, however, which I will now briefly summarize.

The first week of the conference was devoted to electing a President to succeed the late Ambassador Hamilton Shirley Amerasinghe of Sri Lanka. Ambassador Tommy Koh of Singapore, an able and experienced diplomat, was elected to replace him.

In Committee I—that is the committee dealing with seabed mining—Chairman Paul Engo of the United Republic of Cameroon focused attention on the draft resolution setting up the preparatory commission of the International Seabed Resource Authority. The developing states attacked, and the developed states defended, the requirement set out in the text that the rules, regulations, and procedures adopted by the commission be applied by the Seabed Resource Authority until others are recommended to the assembly by a consensus of council members and are adopted by the assembly. Some developed countries, with the United States reserving its position at this session, have regarded this approach as essential to assuring those ratifying the treaty that the Seabed Resource Authority would operate in a foreseeable manner.

Participation in the commission—the so-called ticket-of-admission problem—was also debated. Those industrialized countries expressing a view preferred that signatories of the final act of the conference be full participants in the work of the commission and in its decisionmaking procedures in order to provide the broadest possible participation. The developing countries wanted membership reserved to those states which had expressed the intent to become parties to the treaty by signing it. The developing states, at that point, offered a compromise that would have allowed those states that had signed the final act of the conference but not the treaty itself, to participate as observers in the commission's work. Other Committee I issues were treated only superficially.

The U.S. delegation confined its participation in the seabed discussions to several brief interventions reserving our position pending completion of the review.

Committee II, which deals with navigation and coastal state jurisdiction, held four informal meetings without agenda to permit delegations to raise any questions deemed important to them. Some states favored requiring prior authorization or notification of warship passage in the territorial sea. Of the approximately 70 states which expressed views on the subject, roughly one-half favored the amendment and one-half opposed it. Among those favoring the amendment, a small number thought that notification, alone, might be acceptable.

Brazil argued that the text should be revised to exclude military exercises in the exclusive economic zone unless authorized by the coastal state. This proposal received support and opposition along the same lines as did that relating to warship passage.

Argentina pressed its suggestions for a change in the text to provide for cooperation among affected states for the conservation of so-called straddling stocks—that is, fish stocks found both within and without the exclusive economic zone.

Disagreement continued to be expressed as to the relative weight to be placed upon "equitable principles" and the "median or equidistance line" in the formula for the delimitation of maritime boundaries of the exclusive economic zone between opposite and adjacent states. Finally, there was some discussion concerning artificial islands.

At the conclusion of the Committee II meetings, Chairman Aguilar of Venezuela noted that while there were widely divergent views expressed, a practical consensus existed along the basic lines of the Committee II package and that there remained only a very few questions of interest to a substantial number of delegations. As in the case of Committee I, no changes in the text emerged as a result of work regarding Committee II subjects.

Committee III, dealing with marine scientific research and pollution, met only once during the session. Chairman Yankov of Bulgaria stated that, in his view, negotiations had been completed at the ninth session and that any attempt to reopen substantive negotiations would seriously endanger the compromises already achieved. Several delegations expressed agreement with these views. The United States reserved its position on the status of the work of the committee, pending the outcome of our review. Further, the United States made clear that there also remained several minor, essentially technical, changes that needed to be discussed at some point.

The drafting committee did extensive work directed toward conforming and harmonizing the texts. However, a great deal of additional work confronts that committee.

Finally, the conference scheduled a 4-week session beginning August 3 in Geneva with the option to extend the conference for an additional week. The 5 weeks prior to the August resumed session will be dedicated to drafting efforts.

I would like to emphasize that it is our intention to keep members of this subcommittee and other interested members fully informed throughout the policy review. We will welcome your views, and you, in turn, may expect from us candid and continuous reports on our progress.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Arms Transfer and the National Interest

by James L. Buckley

Address before the Aerospace Industries Association in Williamsburg, Virginia, on May 21, 1981. Mr. Buckley is Under Secretary for Security Assistance, Science and Technology.

I am delighted to be with you today in this superb setting. Some of the great debates defining the goals of what was to be the American Revolution took place here in Williamsburg. The seeds sown here and elsewhere along the Atlantic seaboard took root and produced the greatest experiment in human freedom the world has ever witnessed.

This new republic, which the patriots who walked the streets of Williamsburg two centuries ago helped design, has evolved into a great and powerful nation. We are no longer merely the world's foremost example of the blessings that freedom brings; but of historical necessity, we are now the primary guardians of the very concepts of individual freedom and the inherent dignity of man on which this country was founded and from which it continues to draw its strength.

We Americans have never sought the responsibilities of world leadership, but we cannot avoid them or the burdens they impose on us. Irving Kristol described our obligations as a great power in an essay written in 1967 when some in the United States were beginning to call for a withdrawal from Vietnam, a reduction in our foreign commitments, and a return to "Fortress America." With a provocative reference to the United States as an "Imperial Power," Kristol wrote:

> There are a great many people who appear to think that a great power is only the magnification of a small power, and that the principles governing the actions of the latter are simply transferable—perhaps with some modification—to the former. In fact, there is a qualitative difference between the two conditions, and the difference can be summed up as follows: A great power is "imperial" because what it does *not* do is just as significant, and just as consequential, as what it does. Which is to say, a great power does not have the range of freedom of action—derived from the freedom of inaction—that a small power possesses. It is entangled in a web of responsibilities from which there is no hope of escape; and its policy-makers are doomed to a strenuous and unquiet life.

We are now experiencing the bitter consequences of the attempt by American policymakers in recent years to escape from this reality.

Experience of the Last Decade

Over the past decade, first the Congress and then the Carter Administration presided over an American withdrawal from world responsibilities that contributed to a dramatic shift in global power relationships.

Ten years ago we enjoyed unquestioned nuclear superiority. Our Navy still dominated the world's oceans; and even though the bulk of our military forces were committed to Vietnam, the Soviets could not safely challenge us elsewhere on the globe. As recently as the fall of 1973, during the Middle East war, an American President could still head off the introduction of a Soviet division into Egypt by signaling a worldwide alert of U.S. forces. The oil fields in the Middle East were circled by nations friendly to the West.

Today, we have lost our strategic superiority, and the Soviets are forging ahead in long-range nuclear weaponry. Our naval combatant forces have been reduced by half, and we can no longer guarantee the safe passage of American merchantmen over more than one ocean at a time. The major oil producing states of the Persian Gulf are flanked by an unstable regime in Iran, Soviet satellites in the Horn of Africa and South Yemen, and by the Soviet Union itself in Afghanistan. And when an American President, just 1 year ago, declared that we would protect our interests in the Persian Gulf by military force if necessary, people openly wondered whether we could—or would.

But that is only part of the story. At the same time that we allowed our military strength to deteriorate while the Soviets established strategic beachheads in Africa and the Middle East, the Carter Administration adopted policies toward the transfer of arms to friends and allies that substituted theology for a healthy sense of self-preservation.

It was the Carter view that such transfers were inherently evil or morally

CHRONOLOGY

May 1981

May 1

Secretary Haig visits Rome May 1–6 to attend North Atlantic Council ministerial meeting. He also stops in Brussels on May 5.

May 2

President Reagan announces the appointment of George H. Aldrich to serve on the Iran-U.S. Claims Tribunal, pursuant to the Jan. 19, 1981, claims settlement agreement.

May 4

Japanese Prime Minister Zenko Suzuki makes official visit to the U.S. May 4–9, and to Washington, D.C., May 7–8.

North Atlantic Council ministerial meeting is held in Rome May 4–5. A joint communique is issued May 5 expressing deep concern "at the continuing threats to security and international stability" and welcoming "the intention of the United States to begin negotiations with the Soviet Union on theater nuclear forces arms control within the SALT framework by the end of the year." The council also issues a declaration on terrorism, May 4, and extracts from minutes of the meeting, May 5.

May 5

President Reagan appoints Philip C. Habib as special emissary to the Middle East. Ambassador Habib will meet with leaders of Lebanon, Syria, and Israel to explore ways to diffuse tension resulting from recent developments surrounding the situation in Lebanon.

May 6

U.S. orders Libya to close its People's Bureau in Washington, D.C. and expels its diplomats, because of that nation's support for international terrorism and disregard for the norms of international behavior. A new travel advisory is also issued warning "American citizens against any travel to or residence in Libya."

May 10

Francois Mitterrand, the Socialist Party leader, defeats President Valery Giscard d'Estaing in France's presidential elections.

May 12

NATO Defense Planning Committee meets in Brussels May 12–13. The committee issues a final communique reaffirming the NATO Council's "concern at the continuing threats to security and international stability" and which also expresses the determination to counter the threat "by effective restraints including firmness on defence and persistence in the search for peaceful solutions."

May 13

South African Foreign Minister F. Roelof Botha visits Washington, D.C. May 13–16 and meets with President Reagan, Secretary Haig, and other White House officials to discuss progress on negotiations for establishment of an independent nation of Namibia.

Pope John Paul II is seriously wounded in an attempted assassination. The alleged assassin, Mahmet Ali Agca, a Turkish citizen, is arrested.

May 16

Japanese Foreign Minister Masayoshi Ito resigns. Sunao Sonoda is appointed his successor.

May 20

West German Chancellor Helmut Schmidt makes official visit to Washington, D.C. May 20–23.

May 21

World Health Organization (WHO) formally approves 118 to 1 (U.S.) an international code of marketing of breastmilk substitutes. The code seeks to promote breastfeeding by recommending limitations on methods of marketing infant formulas. Japan, South Korea, and Argentina abstain.

May 25

The 60th OPEC conference meeting is held in Geneva May 25–26. A communique is issued announcing that 12 OPEC member nations (except Saudi Arabia) will freeze oil prices at current levels and cut production by at least 10%.

May 28

Stephen Cardinal Wyszynski, Roman Catholic Primate of Poland, dies.

May 30

Bangladesh President Ziaur Rahman is assassinated during an attempted coup. ■

PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*131	5/1	Program for the official visit of Japanese Prime Minister Suzuki, May 4-9.
*132	5/1	Haig: statement before the Senate Subcommittee on Appropriations.
*133	5/5	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on lifesaving appliances, May 21.
*134	5/5	Advisory Committee on Oceans and International Environmental and Scientific Affairs, May 20.
*135	5/5	SCC, SOLAS, working group on the carriage of dangerous goods, June 4.
*136	5/6	Haig: remarks following meetings with Italian Prime Minister Forlani and Foreign Minister Colombo, May 2.
137	5/8	Final communique—North Atlantic Council, May 5.
*138	5/7	U.S., Panama Joint Commission on the Environment, Washington, D.C., May 4–6.
139	5/8	*Digest of U.S. Practice in International Law, 1978.*
140	5/6	Haig: news conference, Rome, May 5.
*141	5/8	Haig: statement to members of Japanese press corp.
142	5/11	Haig: address at Syracuse University, N.Y.
*143	5/11	Secretary's Advisory Committee on Private International Law.
*144	5/12	William P. Clark sworn in as Deputy Secretary of State (biographic data), Mar. 25.
145	5/13	U.S. contributions to international Khmer relief.
*146	5/14	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), working party on Integrated Services Digital Network (ISDN), June 3.
*147	5/14	Advisory Committee on Law of the Sea, June 8–9 (partially closed).
148	5/18	Haig: address at Hillsdale College, Michigan, May 16.
*149	5/18	Overseas Schools Advisory Council, June 18.
*150	5/19	Program for the official visit of German Chancellor Helmut Schmidt, May 20–23.

*151	5/19	John Gavin sworn in as Ambassasor to Mexico (biographic data), May 13.
*152	5/21	Foreign Policy Conference for U.S. editors and broadcasters, Washington, D.C., June 1–2.
*153	5/22	Oceans and International Environmental and Scientific Affairs Advisory Commitee, June 15 (partially closed).
154	5/22	Haig: news conference.
155	5/26	Haig: commencement address at Fairfield University, Connecticut, May 24.
156	5/26	SCC, SOLAS, working group on international multimodal transport and containers, June 10.
*157	5/26	SCC, SOLAS, working group on the carriage of dangerous goods, June 23.
*158	5/26	John A. Burroughs, Jr., sworn in as Ambassador to Malawi (biographic data).
*159	5/26	U.S., Canada agreement on albacore tuna vessels.
*160	5/27	Advisory Committee on International Investment, Technology, and Development, working group on international data flow, June 17.
*161	5/27	Advisory Committee on International Investment, Technology, and Development, June 30.
*162	5/27	U.S., Sweden sign supplementary extradition convention.
*163	5/28	John H. Holdridge sworn in as Assistant Secretary for East Asian and Pacific Affairs (biographic data).
*164	5/25	Haig: remarks at the award ceremony, Airline Hijacking Task Force participants, May 27.
*165	5/29	Arthur H. Woodruff sworn in as Ambassador to the Central African Republic (biographic data).
*166	5/29	Jeane J. Kirkpatrick sworn in as U.S. Permanent Representative to the U.N. (biographic data), Feb. 4.
*167	5/29	Richard T. Kennedy sworn in as Under Secretary for Management (biographic data), Feb. 28.
*168	5/29	U.S., Thailand amend bilateral textile agreement, Mar. 30 and Apr. 27.
*169	5/29	U.S., Colombia amend bilateral textile agreement, Feb. 18 and Mar. 12.
*170	5/29	Deane R. Hinton sworn in as Ambassador to El Salvador (biographic data), May 21.
*171	5/29	John J. Louis, Jr., sworn in as Ambassador to the United Kingdom, May 8 (biographic data).
*172	5/29	Robert Dean Nesen sworn in as Ambassador to Australia and Nauru (biographic data).

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*Not printed in the BULLETIN. ■

U.S.U.N.

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*1	1/5	McHenry to lead U.S. delegation to Geneva conference on Namibia.
*2	1/15	Schwebel elected U.S. judge to the International Court of Justice (bio. data).
*3	1/15	Vanden Heuvel to present Freedom Medal to Roger N. Baldwin, founder of the American Civil Liberties Union.
*4	1/20	McHenry completes his tenure as U.S. Permanent Representative to the U.N.
*5	2/10	Kirkpatrick: founding meeting of the committee for the Free World.
*6	3/2	Kirkpatrick: credentials of the South African representatives.
*7	3/6	Lowman: relief to Kampuchea, relief donors' meeting.
*8	3/6	Kirkpatrick: Namibia, UNGA.
*9	3/11	U.S. delegation to the 10th session of the Third U.N. Law of the Sea Conference, New York, Mar. 19–Apr. 24.
*10	3/17	Malone: LOS conference.
*11	3/26	Rosenstock: non-use of force, Special Committee.
*12	4/1	White House statement on travel plans to Africa of Assistant Secretary of State-designate for African Affairs Chester A. Croker.
*13	4/2	White House statement that Ambassador Kirkpatrick will represent the U.S. at the International Conference on Assistance to Refugees in Africa (Geneva) instead of Vice President Bush.
*14	4/3	Stromayer: preparatory work for the U.N. Conference on New and Renewable Sources of Energy.
*15	4/7	Strasser: Guam, Special Committee on Decolonization.
16	4/10	U.S. perspective on the 35th U.N. General Assembly.
*17	4/9	Kirkpatrick: FY 1982 budget request, U.S. Senate Committee on Appropriations.
18	4/9	Kirkpatrick: refugees in Africa, International Conference on Assistance to Refugees in Africa (Geneva).
19	4/14	Western five statement on Namibia.
*20	4/16	Cerny: social development, Commission for Social Development.
*21	4/16	Clark: narcotics, Committee II.
*22	4/21	Sorzano: Decade for Action to Combat Racism and Racial Discrimination, ECOSOC.
*23	4/21	Reynolds: women, ECOSOC.
*24	4/21	Kirkpatrick: Namibia, Security Council.
*25	4/23	Kirkpatrick: Namibia, Security Council.
*26	4/27	Clark: disaster relief assistance, ECOSOC.
*27	4/28	Cardwell: credentials for a minority rights group, ECOSOC.
28	4/30	Kirkpatrick: Namibia, Security Council.
*29	5/1	Novak: human rights, ECOSOC.
*30	5/1	Kirkpatrick: birthday of Andrei Sakharov, New School for Social Research, New York, May 2.

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*Not printed in the BULLETIN. ■

economic problems. I believe that Americans are committed to the solution of the fundamental problems and are willing to accept short-term costs that are entailed with improvement.

Achieving once again a dynamic American economy is the best way we can go right now for the world economy. In other words, it clearly has overlapping impact on the economies of the developed states in Western Europe and in Japan, and U.S. difficulties translate very rapidly into those economies.

Our policies, in regard to our own recovery program, were not adopted out of this regard for the impact on other countries. On the contrary; we have been, and remain and will be in the future, sensitive and aware of the effect that our economic policies here in the United States have on those economic situations within our partner countries. Strong economies in all summit countries are essential to address common international tasks with confidence and support here at home. This is true if we are to achieve our goals in trade, energy, and, perhaps most importantly, in our relationships with the developing countries of the world.

Relationships between the developed and developing countries are, and have been from January on, a key aspect of President Reagan's foreign policy. It's one on which our perspective has not yet been fully spelled out but will be in the period ahead. The summit is a very good opportunity for us to do that with our Western industrialized partners. The Cancun summit in October will be another. And I think you know it's somewhat unusual for an American President to join such a meeting as that which will take place in Mexico in October. Our approach will be both constructive and positive. And I only highlight for you, as specific examples, this Administration's approach to the developing world—a pilot case of the development of Jamaica, which has been underway since the visit of Prime Minister Seaga; the efforts which we concluded last week in Nassau to join in a social economic development program for the Caribbean basin—the islands of the Caribbean and of Central America; the fact that the United States is one of the leading contributors to the economic development of Zimbabwe; the fact that the United States was the highest donor at the black African refugee conference in Geneva.

We think there will be at the summit a wide measure of agreement among the leaders on several points, and they are particularly in the macroeconomic area. We will seek commonly to reduce inflation and unemployment, to strengthen savings and investment, to assist growth and productivity, to facilitate adjustment to new worldwide economic circumstances—the least of those associated with rising costs of energy. There may be differences on the choice of policy instruments between one nation or the other; I think they are commonly united on these major macroeconomic objectives.

On trade they agree on the need to resist protectionism, to maintain an open trading system, and in the period ahead to address trade restrictions not yet subject to international discipline. And it's the policy of this Administration to be a leading proponent of free trade worldwide and to adopt the necessary measures to insure that that objective is broadened and expanded in the period ahead—not only among our Western industrialized trading partners but perhaps even more importantly among developing nations in the North-South context.

On energy they recognize the need to continue to conserve the use of energy and increase supplies—especially coal and nuclear—through price mechanism, to reduce dependence on imports, and decrease our vulnerability to oil supply and disruption.

They are committed to a major effort to help promote economic and social progress in the developing countries and to integrate these countries more fully into the international economic system.

On East-West economic relations—a new agenda topic proposed by the United States for this conference—we look to a probing discussion on which we can build after Ottawa to bring our own economic relations with the Soviets, collectively, in alignment with our political and our security objectives.

More purely political discussion will take place in an unstructured way at the conference, such as at luncheons and dinners, where heads of government will participate together. There will also be a series of bilateral meetings between heads of state and government and President Reagan and his counterparts. There is no formal political agenda for this summit. The leaders will raise whatever subjects are of particular concern to them. I would expect, however, that events between now and the summit itself will tend to shape the agenda in the political area, but certainly the topics which include Poland, perhaps relations with the Soviets in general, arms control, the Middle East, southern Africa, and possibly Central America.

The political talks, while not the centerpeice of the economic summit, are, nevertheless, of very great value. A word about the participants. The other heads of government at the summit are Prime Minister Thatcher of the United Kingdom; Chancellor Schmidt of the German Federal Republic; President Mitterrand of France; Prime Minister Spadolini of Italy; Prime Minister Suzuki of Japan; and the host, Prime Minister Trudeau of Canada, who was here last week as you know. The President of the European Commission, Mr. Gaston Thorn, will also be a participant. He also was here last week. Only three of the eight principals have attended any of the previous six summits. Chancellor Schmidt, of course, is the veteran of all of them. And Prime Ministers Trudeau and Thatcher have also participated in the past. The heads of government will be accompanied at their meeting by their foreign and finance ministers.

The session will begin this Sunday evening with a get-acquainted dinner and a discussion. It will be limited to the heads of state and government themselves, and there will be a corresponding dinner, that I'm aware of, for the foreign ministers—a parallel dinner. It will end some time in the afternoon—this overall conference—Tuesday with a joint press conference by the heads of government, all participating.

It's important that the press and the public should not expect a summit of this kind—and that's been true in the past as well—to reach momentous conclusions. The value of this meeting, as with previous summits, has been a sharing of perceptions, and it will seek to do so on this occasion, increasing understanding and insuring that the approaches to problems are not working at crossed purposes but are mutually reinforcing. This is not the stuff of drama, but it is important. And as you know and you may care to explore, there are some differing viewpoints among the participants on a number of—primarily economic but not exclusively so—related issues.

Let me conclude my brief presentation by summarizing what I believe to be our basic objectives at this summit—to get to know the other leaders personally, develop rapport with them, understand their concerns, and make clear our sensitivity to these concerns; to explain U.S. economic and foreign policy goals; to demonstrate to the other leaders our determination to create a strong U.S. economy with stable prices, accepting necessary short-term costs in this effort; to strengthen our defenses and to keep our commitment to international consultation and cooperation and to keep it solid and enduring; to discuss the East-West relations, as well as other major crises areas.

The summit nations and the industrialized democracies as a whole are bound together by more than trade flows. Our ties transcend purely economic relations. What Chancellor Schmidt has written recently about the Atlantic alliance is absolutely correct and applies as well to our friends in the Pacific. What unites us and makes us unique is the purpose for which we apply our wealth and our power—namely, to promote respect for the freedom of nations and the dignity of individuals. What we decide on specific issues we can leave this summit essentially and hopefully more sensitive to each other's views and concerns, more united, and through shared challenges we can achieve the international growth and development that all of our member states seek.

Q. Do you envision an agreement by the nations on some future get-together where you would discuss bringing economic policies, in relation to the Soviet Union, in line with political and the security objectives?

A. Not in the specific sense that your question suggests. I think there are a number of ongoing fora that permit that to happen, both in the Economic Community and the OECD [Organization for Economic Cooperation and Development] where they have always had a specific focus on East-West trade and the data associated with that trade. There will, hopefully, be some further discussions within the COCOM [Coordinating Committee for East-West Trade Policy] apparently designed to put a more coherent East-West trade policy in the security-related area together, as an example.

Q. Could you be a little more specific as to what the United States will propose to its allies on East-West?

A. I think it doesn't serve a healthy purpose at this point to get ahead of the discussions. And, incidently, with respect to whether there would be something as a result of the discussions at the summit that the heads of state, of government, would put together, I could not predict, because they're free agents and their agenda is open and somebody could propose such a thing. But it's not visualized at this time.

With respect to East-West in general, I think a broad set of discussions involving the interrelationship of the political, economic, and security aspects of East-West relations, in a very general sense, would be the kind of a backdrop I would anticipate in Ottawa.

Q. How important will it be in Ottawa to come to some kind of a new game plan or understanding on TNF [theater nuclear forces] with the allies and how to proceed on TNF?

A. I don't anticipate that this will come up unless it comes up in the margins or in bilaterals. Essentially, our situation with respect to TNF and the two-track decision made in December of 1979, reaffirmed last May in Rome, is in good shape. Our European partners know precisely what we are doing. We've been in the process, since the Rome summit, of coordinating together with our allies in putting together a common threat assessment, common requirement assessments, and that's been underway. I believe that the speech that I gave earlier this week in New York again underlined our commitment to follow through with the two-track commitment and to have discussions with Foreign Minister Gromyko in September with respect to fleshing out the precise time when the formal negotiations will begin sometime between mid-November, mid-December, I would anticipate.

Q. You said events between now and the summit in the political field may shape the agenda of what they'll bring up. One of those events is expected to be the release of the F-16s to Israel. Are you going to be able to tell our partners that we have some assurance from Israel that in the future this equipment will not be used in possible violation of U.S. law?

A. First, with respect to the decision itself, I don't want to prejudge that because as of this session the President has not formally made such a decision. I would anticipate he will in the very near future.

With respect to that topic as an agenda item, I would not expect it would be the focus of much discussion. But we are prepared to deal in timely fashion with the exchanges that we've had with the Government of Israel on this subject, and I will certainly be prepared, and the President will be prepared to do that.

Q. Regarding your personal effect on the summit, especially from the standpoint of dedication to achieving peace, one of your Foreign Service officers, James Kleskin, has written in a national magazine that the corps of cadets at West Point are, in his words, "sworn warmakers." Since he works for you, you went to West Point—you're a graduate of West Point—do you think it's fair or accurate to call West Pointers "sworn warmakers?"

A. It really depends on what you meant when you said that. If you meant they are sworn-in to defend this country, why, the answer to that is, of course, they are. If it means that they are something beyond that, I would like to have the benefit of reading the article, and you certainly titillated my appetite to do so.

Q. On the subject of East-West trade, does the United States have a position or a paper that it will present, at the very least, for discussion purposes at the summit, and if not, how does the United States expect discussions to get started when it's this country that initiated the idea of putting it on the agenda in the first place?

A. First, there are some very broad aspects of this topic that I think we feel the participants will benefit from an exchange on, such as linkage, such as the interrelationship between economic, a certain number of points being put forward concerning these issues. Similarly, right from the start, our position was in favor of everything that is able to bring down protectionism provided, of course, that right from the start we are all familiar with the whole set of existing mechanisms—mechanisms which mean that here and there protectionism is much too present.

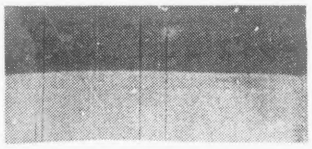
Concerning trade with East bloc countries, as the communique says, a new examination of the situation will be carried out shortly. I have expressed the hope that, concerning this issue as concerning all the others, we take stock very precisely of the state of trade with those countries and that we take stock of the strategic consequences that might arise. This is also a point included in the communique.

In addition to this, priority had to be given during our talks to a policy toward countries of the Third World, what we call North-South relations. This is necessary not simply because it is our duty but also because it is in our own interest. We must be distrustful of any attitude that I would term paternalistic. It is when we will be able to expand trade on stable bases, when we will be able to stabilize raw material prices; once this is done it will be possible for those countries to set up lasting development plans, and once they have done this, we, the industrialized countries, will be able to fulfill our tasks.

I think that along the lines of what we call the energy affiliate and along the lines of global negotiations, which will be referred to again at Cancun, and also concerning international relations, I would say that on all these points progress has been achieved. We have been able to outline our objectives clearly.

And then, particularly during our informal meetings, we discussed problems concerning international relations, concerning the balance of forces. The position of France has always been as follows: equilibrium above anything else. Of course, equilibrium has to dominate not simply the matter of forces but it should determine the nature, the type of negotiation to be opened up. The aim being to insure disarmament and peace.

In conclusion, I would like to say that in Paris, or perhaps I should say in France, the next summit will be held. As you know, we have reached the end of a first cycle here in Canada. This was the seventh summit. So a new cycle of such summit meetings will begin, and I am very happy that the first element, the first step in this cycle, will take place in France. I will be happy to welcome them, my friends and partners, gathered here today, and since it is my task, I will continue to put forward and defend the interests of my country, but I will make sure that the summit of the industrialized countries will make it possible for us to continue along the path of understanding of our common interests and of our common tasks.



Chancellor Schmidt

First of all, I too would like to thank you very warmly for the welcome, the hospitality of your country, and for the way you have acted as chairman. You have been a very fair, a very just, chairman.

I think that we have found many areas in which we have been able to agree, and there were also many other areas or sectors in which close cooperation is possible and in which I think we can achieve or have already achieved a compromise. We have all expressed our desire to fight inflation and unemployment and to achieve competent and strong world trade and world economy. I would like to stress these points because this time, even more so than in the past, the countries were represented by heads of state who use different economic policies or recipes, if I can call them this, in their own countries, in the range between monetarism and Keynesian theory.

I would like to bring up four points. First, the main role played by trade policy: We agreed here that we do not wish to adopt any policies that take account only of national goals and do not take account of the repercussions they may have on the world economy. We do not wish to pursue such national policies.

I'd like to refer you to points 21 through 24 of the communique more particularly. We all face considerable pressure toward protectionism in our own governments, and we have all here expressed the desire to avoid such protectionism with a view toward maintaining the strength and freedom of world trade.

Second, another important subject was that concerning the problems caused by high interest rates. We had a very detailed and interesting discussion without any accusations from one of the other parties, and several participants mentioned what negative repercussions a long-lasting, high interest rate would have on their national economies. This is true in any case for the German economy—particularly if you keep in mind the fact that the European economies have already been more strongly affected by the second oil price rise than was expected a couple of years ago.

We also welcome the fact that the United States of America has expressed the intention to do its very best to bring down these high interest rates. President Reagan, too, has told us that the American economy is also suffering from high interest rates.

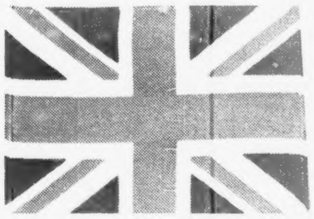
It has not yet been able to see whether the fight against inflation in the United States might take certain different paths, which is why I have had to point out that my government, when I go back to Bonn, will begin to take certain decisions concerning the fact that, unfortunately for the time being, we will still have to deal with high interest rates and that we will thus have to take certain measures.

The third point, North-South relations, I would like to emphasize what Prime Minister Trudeau said a moment ago, and I would like to say, quite clearly, that we have full respect toward truly nonaligned countries, toward genuine nonalignment, which we consider to be an essential element of stability throughout the world.

I would also like to announce that the federal government in Bonn will support the organization of global negotiations in the near future. I am happy that we have already been able to hold discussions on the upcoming summit in Cancun.

Fourth, I would like to emphasize the importance of the exchange of views involving the basic agreement concerning East-West relations where we are talking about equilibrum in military forces, dialogue, and preparedness to cooperation. An exchange of views about present-day problems, about arms limitation and arms control, were particularly important to me. And I was also very much interested in the exchange of views about the present-day situation in the Middle East. We have expressed the common desire to see peace be established in that part of the world in the near future. We all want the vicious circle of the use of violence in that part of the world to be ended.

In conclusion, I would like to thank very warmly President Reagan, President Mitterrand, my colleagues Prime Minister Thatcher, Mr. Spadolini, Mr. Suzuki, and, more particularly, to our host, Prime Minister Trudeau. I would like to thank you all for the openness, the frankness with which you all spoke. As far as I am concerned, I have been very much enriched by this summit meeting, and I have to say that I'm happy to note that we have become better acquainted and that we are all determined not to accept that we should act without taking account of each other's problems. But quite on the contrary, we have said strongly that we will take into account everybody else's interests and problems. These are two essential points for me.



Prime Minister Thatcher

Can I join my colleagues in paying a very warm tribute to your skilled chairmanship and thorough preparations. I think our success at this summit owes a great deal to those two things. I'd like also to say thank you to our Canadian hosts for the excellent arrangements they made, both in Montebello and in Ottawa.

This is my third economic summit. And over that period, we've increasingly given time in our discussions to the major political issues of the day, such as Afghanistan and the Middle East as well as to the economic problems that we face. I think this development reflects reality because political issues and economic matters can't be isolated from one another and treated separately. They interact at every level—national and international. And I think this reality was recognized more at this summit than at any other. The result, I think, was a workmanlike, balanced discussion which comprehended all of the major problems, whether economic or political, that face the Western world.

On these substantive issues, I'd like to confine my comments to four points: First, the world economy. At the last two summits in Tokyo and Venice, our work was dominated by the impact of the second oil price shock on the world economy. We then considered the impact it would have and how we should react to it. This time, of course, we met in the trough of the recession which that shock produced. But we've had to look at the whole range of economic questions, at the twin evils of inflation and unemployment, the need to adapt our economies and attitudes in order to beat unemployment, and of monetary disorders producing high interest rates and volatile exchange rates.

We all agreed on the need to fight inflation as the precondition for defeating unemployment as you have emphasized, Mr. Chairman, and on the need for low monetary growth, on the need for containing public borrowing, and for tight control of government expenditure. We are all giving effect to these principles in our own policies according to our own different circumstances.

The second substantive issue on which I'd like to comment is developing countries. I think I take away three salient thoughts from our discussions on relations with developing countries. The first is that we share many of the problems of the world economy with them--the need to develop energy resources, to encourage investment, to fight inflation and unemployment, and to expand trade. All of these things we share with them. The second thing that we share is that we welcome discussion with them in whatever ways or groups are useful. And the third is, we must pay particular regard to the needs of the poorer countries. We agreed to direct a major portion of our aid to the poorer countries, and I would like to stress that the United Kingdom has a particularly good record on that.

Third, a few comments about the Middle East. We have been meeting in the shadow of a further outbreak of fierce fighting in the Middle East. Once again, the unfortunate people of Lebanon are bearing the brunt of a conflict that is not of their seeking. And whatever any of us may think about the causes, we all agree on the need for an urgent cease-fire in Lebanon, for an end to the loss of innocent civilian life there, and, above all, for a solution to the conflict between Arabs and Israelis from which this violence flows. In the United Kingdom, we shall continue to use all our influence for this purpose.

The last issue on which I'd like to comment is East-West relations. We discussed this scene and the concern that we all feel about the extent of the Soviet military threat to our interests. Speaking for Britain, I've been heartened by the strength of common purpose that I sensed in our discussions. We all agreed, and we agreed with real determination, on the need to maintain a strong defense capability and to insist on the need for military balance. Of course, that goes hand-in-hand with our readiness to negotiate arms control agreements to insure genuine security at a lower level of weaponry and resources.

Our discussions have linked the two aspects of the preservation of the free world and the free market economy which sustains it, namely, defense and the maintenance of peace and the health and soundness of the world economy. Altogether, a very successful summit on which you, Mr. Chairman, and Canada deserve our thanks and congratulations.

Europe

NATO Defense Planning Committee Meets in Brussels

The Defense Ministers of the NATO members met in Brussels May 12–13, 1981. The following final communique was issued on May 13.

The Defence Planning Committee of NATO met in ministerial session in Brussels on 12th/13th May, 1981.

Defence Ministers reaffirmed what the member nations of the North Atlantic Alliance expressed at the meeting of the NATO Council in Rome on 4th and 5th May, 1981. They shared the deep concern at the continuing threats to security and international stability. A strong and cohesive North Atlantic Alliance remains indispensable to guarantee the security of its members and foster stable international relations. Such stability requires all nations to act with restraint and responsibility, in the interests of promoting genuine detente and of developing East-West relations, whenever Soviet behavior makes this possible. Claims by the Soviet Union that it too subscribes to such policies are not borne out by Soviet deeds such as its invasion and occupation of Afghanistan. Efforts to achieve a more constructive East-West relationship are severely undermined by the use or threat of force for intervention in the affairs of other countries. Poland must be left free to solve its own problems. The more constructive East-West relationship which the Allies seek requires tangible signs that the Soviet Union is prepared to abandon the disturbing build-up of its military strength, to desist from resorting to force and intimidation and to cease creating or exploiting situations of crisis and instability in the Third World. The nations of the Alliance expressed their determination to counter the continuing threat to security and international stability by effective restraints including firmness in defense and persistence in the search for peaceful solutions.

For their part, Defence Ministers agreed that the past decade has seen an unrelenting build-up of Soviet military strength across the complete spectrum of capabilities encompassing the strategic, theatre nuclear and conventional fields. This is in contrast to numerous Soviet statements advocating peace and disarmament. This disturbing growth in military strength allows the Soviet Union to exert pressure in many parts of the world, particularly through the increasing global mobility of its forces and the development of a major maritime capability. All this has been in parallel with continuing improvements in the forces confronting the Alliance in Europe and the Atlantic. These steady increases in Soviet military power over the past decade, despite unreciprocated Alliance restraint, have created for NATO a situation demanding intensified action to ensure an adequate future deterrence. The prospects for continued peace and stable political relations between East and West depend on the requisite strengthening of NATO's deterrent and defence forces and on the maintenance of an overall military balance, if possible at a lower level, between NATO and the Warsaw Pact.

In response to this continuing build-up in Soviet military strength, nations have achieved considerable improvements in the forces which they contribute to the Alliance. But the rate at which these have been achieved has not been commensurate with the sustained growth in the Soviet and other Warsaw Pact forces. Assessment of the military balance is a complex equation and cannot be determined simply by counting men, ships and aircraft. However, it is clear that there is a disturbingly adverse trend in the military balance between East and West, particularly in Europe.

Although the policies which nations adopt outside the NATO area are a matter for national decision, the Allies have recognized that situations outside NATO's boundaries may, whenever peace, international equilibrium and the independence of sovereign nations are affected, threaten the vital interests of the West and therefore have implications for the security of members of the Alliance. Ministers recognized that when considering policies intended to protect such vital interests, nations should be prepared to participate fully in consultations within the Alliance to enable NATO Governments to share, and as far as possible coordinate, their assessments of the threat and its implications and to identify common objectives. It is especially important that such consultations should be undertaken when nations in a position to do so are considering out-of-area deployment of forces, in order to deter aggression and to respond to requests from other nations for help in resisting threats to their security or independence. The effect of such deployment on Alliance security and defense capabilities should be examined collectively in the appropriate NATO bodies. Ministers also recognized that common objectives identified in such consultations may require members of the Alliance to facilitate out-of-area deployments in support of the vital interests of all.

The United States and other nations have already responded to challenges arising from situations outside the NATO area. Future deployment of the United States rapid deployment force to deter aggression and respond to requests by nations for help could involve possible changes in the availability of combat and support forces currently committed to NATO in a reinforcement role. At the same time as the United States carries out its efforts to strengthen defence capabilities elsewhere, Allied capabilities to deter aggression and to defend NATO Europe should also be maintained and strengthened. This situation only heightens the need for all Allies to maintain levels and standards of forces necessary for defence and deterrence in the NATO area.

Science and Technology

Ministers recognized that scientific resources and the aptitude for technological innovation constitute a major contribution to increases of productivity and hence to economic expansion and international competitiveness. They expressed their concern over the problems faced by research and experimentation as a consequence of the current economic situation in many Alliance countries. Ministers urged the strengthening of innovative capacity in the productive sector and basic research in universities; they invited the members of the Alliance to support appropriate measures to foster the mobility of scientists and engineers and to encourage the adoption of technical change in a truly international spirit.

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[1] Press release 140 of May 6, 1981.

[2] Press release 137 of May 8, 1981. ■

First and Second Reports on Cyprus

MESSAGE TO THE CONGRESS, MAR. 20, 1981[1]

In accordance with provisions of Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyprus problem.

A just, fair and lasting resolution to the problems of Cyprus will remain a priority for my Administration.

The talks between representatives of the Greek Cypriot and Turkish Cypriot communities are continuing. Under the chairmanship of United Nations Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi, the two sides are undertaking detailed analytic review of basic issues. The parties have been addressing the following topics in rotation on the basis of one topic each meeting:

(A) Reaching agreement on the resettlement of Varosha under United Nations auspices.

(B) Initial practical measures to promote good will.

(C) Constitutional aspects.

(D) Territorial aspects.

Meetings were held on January 16, 21, and 28 and February 4, 11, and 18. After a mutually agreed upon recess, the meetings resumed on March 11. We expect the negotiations to continue on a regular basis. Throughout this period both sides have engaged in serious discussion of the issues involved. Each side has advanced proposals and the negotiators have been seeking to identify areas of agreement and reduce differences. Throughout these discussions the parties have maintained a congenial negotiating atmosphere, seriously addressing points for negotiation.

I am convinced that through these negotiations a foundation for a stable, enduring settlement on Cyprus is being laid. Both sides are seriously discussing steps to mitigate long-standing conflicts and, as was anticipated, progress is slow. However, the opportunity for a just and lasting settlement will not remain indefinitely. Therefore, the need for patience and persistent negotiating must be complemented by innovative and flexible approaches to the outstanding problems. After six years of effort, it is time to see a fair settlement that will benefit and serve all of the Cypriot people.

In this, my first report to Congress on Cyprus, I unhesitantly reaffirm the support of the United States for the efforts of the Secretary General and his Special Representative on Cyprus. They have been vigorously and persistently seeking a just and lasting solution of the Cyprus problem. The Secretary General and other United Nations' officials have been creative in their proposals and unflagging in their patience from the inception of the negotiations. I commend their professional conduct and offer the commitment of my Administration to assist in their endeavors to resolve the Cyprus issue.

Sincerely,

RONALD REAGAN

MESSAGE TO THE CONGRESS, MAY 19, 1981[1]

In accordance with the provision of Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyprus problem.

The intercommunal negotiations between Greek Cypriot and Turkish Cypriot representatives continue under the chairmanship of the Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi. The two sides are proceeding in their detailed review of the four basic, mutually agreed-upon issues and continuing to devote each session to one topic.

Meetings were held on March 18, April 2, 15, and 29, and May 6. The pace of weekly sessions has slowed somewhat as both Greek and Turkish Cypriots prepare for elections. A reduced schedule in May and June is anticipated with resumption of a regular schedule in July. Both sides have continued their talks in a congenial negotiating atmosphere.

Although not directly connected to the intercommunal talks, the problem of missing persons in Cyprus has been a significant issue dividing the communities. Consequently, we are pleased to note a significant, positive development in this area. Ambassador Gobbi announced on April 22 that an intercommunal agreement had been reached on the terms of reference for a Committee on Missing Persons (text attached). The date for the first meeting of the Committee will be fixed soon following coordination with the International Committee of the Red Cross and appointment of members of the Commitee.

The issue of setting up a Committee on Missing Persons could, in our view, only be resolved with cooperation of both Cypriot communities. Consequently, we are gratified by the United Nations' announcement and hope that subsequent discussion in the Committee will be productive and lead to a resolution of this important, humanitarian question.

We also believe the formation of a Committee will contribute to a positive negotiating atmosphere facilitating progress in the intercommunal talks. The agreement reached to form a Committee suggests that patient, persistent negotiating between both communities, under United Nations aegis, holds the potential for success even on the most difficult of issues. I am confident that the productive attitudes characterized by the formation of a Committee on Missing Persons can be employed in the pursuit of a just and lasting settlement of the Cyprus question.

Sincerely,

RONALD REAGAN

STATEMENT OF AGREEMENT ON MISSING PERSONS COMMITTEE

Following is the text of a statement made April 22 by SRSG Gobbi at the Ledra Palace in Nicosia, Cyprus:

"On behalf of the Secretary-General, I am very pleased to announce that agreement has been reached by the two sides on the terms of reference for the establishment of a committee on missing persons in Cyprus.

"The Secretary-General has asked me to thank both sides for their important cooperation which has made this agreement possible. In particular, I wish to thank the representatives of the two sides who, over the past few months, were engaged in intensive efforts to bring about the setting up of this committee. The Secretary-General also wishes to thank the International Committee of the Red Cross for its cooperation in facilitating this significant achievement. On the basis of this agreement it is possible now to proceed to the establishment of the committee. This development represents a very important step forward in the solution of a long-standing issue of great concern to the two sides.

"Furthermore, we hope the efforts of the committee on missing persons will strengthen the spirit of cooperation and the joint endeavor undertaken in the framework of the intercommunal talks."

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[1] Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, Chairman of the Senate Foreign Relations Committee (text of the second report from Weekly Compilation of Presidential Documents of May 25, 1981). ■

NATO will continue to seek to negotiate equitable, militarily significant, binding and fully verifiable arms control agreements in order to achieve a balance of forces at lower levels and provide better security. The Allies recognize the arms control negotiations can only lead to fruitful results in an international climate of confidence.

It is against this broad political and strategic background that the new ministerial guidance, both for nations and the NATO military authorities, has been developed. This guidance which has today been approved by Ministers addresses what needs to be done in the current political and economic situation, to ensure the continued viability of NATO's deterrent strategy in light of the Warsaw Pact military capabilities. In particular, it gives direction for the preparation of NATO force proposals for 1983-1988 including guidelines for the correction of the most important deficiences in the conventional forces.

reprehensible, or both. Therefore, the United States world henceforth, in principle, refrain from selling arms except under the most restricted circumstances. Representatives of U.S. arms manufacturers abroad were to be treated as pariahs by American diplomatic representatives even when engaged in transactions duly licensed by the government itself. Never mind the fact that our unilateral restraint proved less than contagious and had the net effect of lessening U.S. influence over the arms policies of other nations by encouraging them to seek the weapons they needed from other suppliers. And never mind that, in practice, the countries which were important strategically continued to receive support, while the burden of a restrictive policy fell on those nations less able to fight back either with U.S. policymakers or American public opinion. Pragmatism and realism are at least philosophically defensible on their own terms as a basis for policy; but when used in practice, but masked by a moralistic smoke screen, they are not.

To compound these self-inflicted injuries, the Congress adopted a series of restrictions on sales to nations whose behavior—in the case of human rights—or intentions—in the case of nuclear proliferation—we disapprove of. While these well-intentioned efforts have had little detectable impact on such behavior or intentions, they did lead at times to the awkward result of undercutting the capabilities of strategically located nations in whose ability to defend themselves we have the most immediate and urgent self-interest. Pakistan is a spectacular case in point.

The net effect of all of this is that we find ourselves, in 1981, not only with deteriorated military and strategic positions but with far fewer nations in a position to work with us in defending common interests and deterring threats by the Soviet Union and its surrogates. Thus we are faced not only with the need to rebuild and modernize our own military forces but to help other nations in the free world rebuild theirs.

It is for all of these reasons that the Reagan Administration has concluded that the strengthening of other nations with which we share common security interests is an essential component of our total effort to restore effective deterrence to aggression.

Nothing worthwhile in the world community is possible—neither economic growth nor political or social reform—in an atmosphere of increasing instability. And there is little reason to assume that the decade of the 1980s will witness a basic change in this situation, unless the United States is prepared to meet the security needs of its friends and allies as well as its own. Military power alone cannot solve the large array of problems which currently beset the community of nations; nor can it provide the foundations for an international society in which equity and security prevail. What it can do, given the growing disorder that we confront today, is help to reestablish some sense of equilibrium.

All of this will require the best of American leadership abroad and at home. We must not only demonstrate that we have the will to lead but the capacity to back that will with the necessary military and economic power. This will require the revitalization of our defenses and the building of stronger alliances and cooperative relationships as well as the rebuilding of our own economic strength. This is why the adoption of the President's economic program is as essential to our ultimate national security as the increased requests for defense and security assistance appropriations.

My own responsibilities are focused on the last, so I would like to take the time to describe some of the attitudes and policies that I expect will be applied to the sale of weapons and related goods and services. These and other related objectives are being spelled out in a policy statement that we expect will be released in the near future.

U.S. Attitudes and Policies

For starters, this Administration believes that arms transfers, judiciously applied, can complement and supplement our own defense efforts and serve as a vital and constructive instrument of American foreign policy. In revising our practices in this area, we seek to achieve the following:

- Enhancement of the state of preparedness of our friends and allies;
- Revitalization of our alliances;
- The fashioning of more coherent policies and strategies that bear on East-West relations; and
- The buttressing of our own defense production capabilities.

Arms transfers can thus serve as an important adjunct to our own security by helping deter acts of aggression, by enhancing the self-defense capabilities of nations with which we share close security ties, and by facilitating access by American forces to military facilities abroad.

The Administration's new approach to arms transfers will emphasize the need for flexibility and rapid response to meet changing circumstances affecting American security interests. We will evaluate requests for support in terms of their contribution to deterrence and defense. We will accord high priority to requests from members of our major alliances and from those nations with which we have developed cooperative relationships.

Assessing Requests

In assessing arms transfer requests, the United States will continue to give due consideration to such factors as the degree to which the equipment requested corresponds to the military threat facing the recipient, the manner in which such equipment will serve to maintain stability within regions where friends of the United States are on less than the best terms one with the other; and whether the proposed transfer can be absorbed by the recipient without overburdening its military support system or financial resources.

We believe that particular care must be taken to avoid an adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. For this reason, we are prepared to encourage the efforts of American manufacturers to produce equipment which, in terms of cost, complexity, and sophistication, is more appropriate to the needs of nonindustrialized nations. At the same time, the United States will continue to strive with its NATO allies to achieve a high degree of equipment standardization in order to achieve our mutual goal of interoperability of equipment.

Recognizing, as we do, that in today's economic climate a number of nations cannot afford to purchase equipment on commercial terms, we are requesting congressional authority to help finance some such purchases at concessional rates. At the same time we are seeking other statutory provisions that will simplify procedures and achieve significant economies in the production and sale of items in high demand.

Requests for transfer of technologically sensitive materials will be considered on a case-by-case basis. Such transfer will not be approved if a significant possibility of compromise of sensitive information or equipment exists, or if justification on the basis of overriding U.S. interest cannot be made. We will also give serious consideration to future requests for coproduction, or coassembly, of military equipment produced by American manufacturers, while understanding the extreme complexity of this particular subject as well as the potential for conflict between foreign and domestic economic policy objectives. For this reason, I would particularly welcome your views as the Administration works to develop specific guidelines in the area of coproduction and coassembly.

Finally, as one of my first actions in this position, we rescinded the Carter Administration's so-called leprosy letter, which instructed U.S. officials overseas not to assist U.S. businessmen seeking to meet the military needs of friendly states. Henceforth, U.S. Government representatives overseas will be expected to provide the same courtesies and support to firms that have obtained licenses to market items on the U.S. munitions list as they would to those marketing other American products. In due course we will be reviewing our licensing procedures to see how they can be simplified.

Multilateral Restraint

I know there will be those who will conclude that these new policy changes will herald a period of unrestrained military sales. They will not. We remain dedicated to the goal of mutual restraint in arms transfers. What we advocate is a similar dedication to the goal of serving U.S. interests; and in those cases where arms transfers are the best means of doing so, we will make them. The difference between this Administration and its predecessor is in the perception of where those interests lie, how and by whom they are challenged, and how best to advance them.

Though I believe it was well-intentioned, Presidential Determination 13 was, after all, issued by a President who, some 2½ years later, after Soviet troops had invaded Afghanistan, admitted he had learned more about the Russians in the immediately preceding 10 days than in his entire prior time in office. This Administration starts with no illusions as to Soviet purposes. Soviet support for so-called wars of national liberation has never been qualified, even during the halcyon days of detente. It is, therefore, not surprising that there has been little or no interest in arms transfer limitations manifested by the Soviet Union—or, for that matter, by the majority of other arms producing nations.

We will, nonetheless, continue to examine ways to secure a regime of multilateral restraint. But in the meantime this Administration will face up to the realities of Soviet aggrandizement, and it will pursue a sober, balanced, and responsible arms transfer policy, one which is essential for the protection of our national security interests.

Security and Cooperation

Which brings me to the last point I would like to make. Despite our inherent strength, there are limits to what we can accomplish alone. We are as dependent on the cooperation of other sovereign nations for the defense of our larger security interests as we are dependent on foreign sources for oil and such other strategic minerals as cobalt, manganese, titanium, chrome, and a host of others to support the high technology on which our economy is based.

The alliances and cooperative arrangements we need to forge with other nations cannot be coerced. They require of us a new maturity in our relationships with other nations, one that recognizes the sovereignty and dignity of other societies as well as the enormous diversity of cultures that exists among them. If we build our security relationships on the bedrock of mutual interests, then they will prove durable—provided always that we can once again restore confidence in the reliability of American undertakings.

We are the essential partner in any credible network of free world relationships because we are the only power that has the capacity to hold in check the aggressive opportunism of the Soviet enterprise. Our attempt in recent years to downgrade our world responsibilities has proven catastrophic for precisely the reason that only we are in a position to make the difference. As Irving Kristol pointed out in the essay I cited earlier: "It is the world situation—and the history which created this situation—that appoints imperial powers, not anyone's decision or even anyone's ambition. And power begets responsibility—and above all the responsibility to use this power responsibly."

That is our challenge: not to strip ourselves of power but to focus that power for the achievement for the common good. And that common good these days is to restore a world order in which each nation can work out its own destiny, free of fears of external threat. What we have to offer other nations as we seek to forge new and effective partnerships is the prospect of global stability in which the United States can be relied upon to use its influence and strength to protect the peace and require that rogue nations observe a code of behavior that eschews resorts to force or subversion in international affairs.

This is the stated objective of the Reagan Administration, and it is one that is based on the long overdue reaffirmation of our confidence in ourselves and in the rightness of our cause. We *are* the last best hope on Earth; and we have no responsible choice but to act accordingly.

I know that conservatives are often accused of being simplistic; and as a self-confessed, card-carrying member of that fraternity, I might as well confess that I harbor the simplistic notion that on the world's stage today it is possible to divide the principal actors between the good guys and the bad guys; and we might as well understand that the bad guys are serious and playing for keeps.

A few years ago that great American philosopher, Leo Durocher, made the observation that good guys finish last. It is the intention of this Administration to prove him wrong.■

International Law Digest, 1978

The *Digest of United States Practice in International Law, 1978*, published by the Office of the Legal Adviser of the Department of State, was released on May 8, 1981.

The size of the 1,802-page volume, sixth in the series of annual *Digests*, reflects, first, the special circumstance that several U.S. foreign policy initiatives in train for a number of years came to fruition in 1978, and second, the substantial increase during the period 1977–78 of litigation that challenged the conduct of foreign affairs.

Two matters brought to conclusion came before both Congress and the courts: ratification of the Panama Canal Treaty and establishment of diplomatic relations with the People's Republic of China, combined with notice of termination of the defense treaty with Taiwan. Other less politically controversial aspects of foreign policy were litigated as well (e.g., extradition, prisoner transfer, implementation of fisheries conventions, the making of aviation agreements, and U.S. actions to seize narcotics cargoes and to participate in other nations' efforts to eradicate narcotics production).

The 1978 volume discusses a number of domestic legislative provisions with major impact upon U.S. practice in international and transnational law and U.S. treaty activity, both multilateral and bilateral. More published source material has been reproduced than in former years. Nonjudicial and nonlegislative material includes a variety of official correspondence and statements. The volume also indicates the role of mediation in U.S. diplomacy.

Publication of annual *Digests* concentrating completely upon U.S. practice in international law began with the volume for the year 1973. Over the previous century, beginning with Cadwalader's one-volume *Digest* (1877), the Department of State issued at intervals comprehensive, encyclopedic-type surveys of the entire field of international law that, nevertheless, emphasized U.S. practice. The distinguished *Digests* by Marjorie M. Whiteman (15 v., 1963–73), Green Haywood Hackworth (8 v., 1940–44), John Bassett Moore (8 v., 1906), and Francis Wharton (3 v., 1887) are considered authoritative for their respective periods of coverage and are heavily relied upon by practitioners, scholars, government officials, and jurists throughout the world.

The Office of the Legal Adviser has existed in its current form since July 1, 1931. Prior thereto the Department's legal officer had been designated as its Solicitor under an act of March 3, 1891, and as its Examiner of Claims under an act of July 25, 1866. The Department has had a legal officer as a distinct, statutorily established entity since 1848.

The Legal Adviser of the Department of State during the year 1978 was Herbert J. Hansell. The Acting Legal Adviser at the present time is Mark B. Feldman. The Editor of the *Digest of United States Practice in International Law, 1978*, is Marian Lloyd Nash (Mrs. Harold Herbert Leich) of the Office of the Legal Adviser.

Orders for the 1978 *Digest* and/or earlier annual *Digests* should be sent to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, and should be accompanied by check or money order, made payable to the Superintendent of Documents. Remittances from foreign countries may be made by international postal money order, by draft on an American or Canadian bank, or by UNESCO coupons; an additional 25% handling charge is required for orders to foreign countries.

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Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

Peaceful Progress in Developing Nations, address at Fairfield University, Fairfield, Conn., on May 24, 1981 (Current Policy #280).

Foreign Policy and the American Spirit, address at Hillsdale College, Hillsdale, Mich., on May 16, 1981 (Current Policy #277).

NATO and Restoring U.S. Leadership, address at Syracuse University, Syracuse, N.Y., on May 9, 1981 (Current Policy #276).

East Asia

Background Notes on Indonesia (May 1981).

Economics

International Economic Policy Priorities, Assistant Secretary Hormats before the International Insurance Advisory Council, New York on May 19, 1981 (Current Policy #278).

Economic Growth of OECD Countries, 1970-80, INR report of Mar. 9, 1981 (Special Report #82). U.S. Trade Policy (GIST, May 1981).

Refugees

Indochinese Refugees (GIST, May 1981).

Security Assistance

Arms Transfers and the National Interest, Under Secretary Buckley before the Aerospace Industries Association in Williamsburg, Va., on May 21, 1981 (Current Policy #279).

South Asia

Background Notes on Maldives (Apr. 1981).

Western Hemisphere

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Background Notes on Mexico (Apr. 1981). ■

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political, and security-related policies, especially Soviet military capabilities.

As you know, we've been in the process in the Administration of reviewing very thoroughly East-West trade. That process is drawing to a conclusion. That does not necessarily mean that the completion of that very extensive review lends itself to public disclosure or even, necessarily, exchanges with our European partners in the context that the review has been conducted. Where they have an interest and are involved, of course, we will consult. So the answer to your question is we don't view that kind of a litany as being presented. We do view a broad interrelationship discussion.

Q. Do you expect that nuclear proliferation and the problems of proliferation will be an important topic?

A. It's clear that all of our member governments are seized with this problem. As you know, there again we have just brought it to a conclusion and will soon have something to say, if it hasn't already been said. It did go today as scheduled. Yes, I would anticipate that. But it is not a major agenda item. The agenda item of energy will inevitably lead to future American policies and attitudes on peaceful uses of nuclear energy and the associated improvements we hope to see achieved in international safeguards.

Q. Do you anticipate any unified approach to the problems in the Middle East and particularly does the President feel determined to go forward with the sale of the AWACS [airborne warning and control system aircraft] to Saudi Arabia?

A. Let me answer your last question first, and the answer to that is a very positive yes. The President will proceed with that project.

With respect to the discussions on the Middle East, I think you all know there's been a lot of background atmospherics with respect to the so-called European initiative on the Middle East and a certain degree of frustration with the slow pace, if not the stalemate, in the Camp David process, which was probably a consequence of electoral deadlines here in the United States and certainly in Israel.

I would expect there would be a free-flow exchange of views between the leaders on the importance of the peacekeeping effort in the Middle East. I have already been engaged in a number of discussions with our European partners, especially the President of the Economic Community, Peter Carrington—British Foreign Minister. Thus far we have been assured and we are still confident that what our European partners would visualize undertaking in this effort in the near term would be mutally reinforcing and cooperative efforts with whatever U.S. led activities might be undertaken in the near term.

Q. Since all the nations need energy, I presume you all are really going to take up some unified approach to how we get some other energy than OPEC [Organization of Petroleum Exporting Countries] and maybe use some of these great alternative energy sources like Canada has so much of.

A. I would anticipate this will be one of the really major topics at the summit, both in the working group specialist areas and in the heads of state and government sessions and along the margins and during bilaterals as well. Clearly, we are looking for major efforts, commonly applied throughout the membership of this summit, to seek to reduce dependency on Middle Eastern oil resources, and perhaps beyond that, Eastern oil resources, either of which are subject to cutoff in crises.

We are anxious to look very carefully at what the United States can contribute in this area—the area of peaceful uses of nuclear energy—and the vast coal deposits which exist here in North America. We're interested in also exploring what contributions can be made in other non-OPEC, non-Eastern-producing areas, such as the northern part of Europe and Canada. All of these things, I am confident, will be carefully explored.

Q. When you talk about the developing world, do you include in that China and do you expect the new U.S. relationship with China to come up?

A. I think it would be unusual if, either in my discussions with the foreign ministers or in the President's discussions with the heads of state and government, we did not get into the recent trip I made to China and the results of that trip and the outlook for the future as we see it.

Q. You seemed to underline the East-West trade question and then in later questions you've been, to my mind anyway, vague about exactly what is going to be said. Are we going to initiate long discussions trying to get some notion of where these other leaders are, what their thinking is, with the idea that down the road we will have some sort of a new agreement or is the President going to make some sort of proposal for discussion?

A. I wouldn't go looking for any dramatic U.S.-sponsored proposal, and I am sorry if you got the impression I tried to jazz that topic up in my presentation. I must have been gasping for air at the moment. But it's just another agenda item. It's an important agenda item. The point I was trying to make is that I think there will be an effort on the part of the United States—it's one of the main reasons we're anxious to have it on the agenda—to demonstrate the importance we feel this particular topic enjoys and its interrelationship with the political and economic and security-related concerns that we have today in East-West terms.

Q. What hope do you have of convincing the allies to shoulder any more of the burden either financially or in terms of equipment in Europe and would you couple that, as you talk to them, with any hint that we might reduce what we are doing there otherwise?

A. Do you mean are we going to engage in verbal blackmail threats?

Q. Whatever the right words are.

A. No, I would not anticipate the topic coming up in the context of your question. I do think that the macroeconomic issues that we will be discussing and the example being set by the United States in which we are engaged in substantial reductions in a number of our Federal expenditures, while simultaneously adding at the level of about 7% increase a year for the next 5 to our defense needs, is an example that we feel is both necessary because of the slippage in our own military capabilities but also an example that we hope our European friends and our

Japanese friends will be impressed by as they make their own calculations in a very tough economic environment.

Q. Your tone would be as soft as that? That is the tone that you're going to take on it? You won't be campaigning any harder for them to make a greater effort?

A. No, I don't anticipate a confrontation. As you know, there are a number of issues that are of concern to both sides. There is the issue of Japanese-European trade relationships. There are issues of vehicles that impede the kind of free trade that we are seeking. There is concern in Europe about high American interest rates and the impact that's having on European economies.

These are going to be areas of very clear discussion. I hope they are not going to be areas of tension or disagreement but, rather, exchanging views and enlightening one another with respect to the concerns of all.

Q. A number of observers, seasoned or otherwise, who have returned from Europe in recent weeks bring home the judgment that the Europeans, for the most part, do not like our economic policies and to the extent they are familiar with our foreign policy they don't like that either. Do you think that 2 days with the President is going to change much of that?

A. First, I won't share your broad generalization. I do not find that our European partners are discomforted by our foreign policy. There is a specific area of that foreign policy that they have been less than happy with. In fact, there are two. The one is the pace at which we have been willing to enter into arms control negotiations with the Soviet Union, and that's intimately involved in their own domestic climate with respect to nuclear weapons. Secondly, I think there's been some concern expressed by some about the tone of our approaches to the East. I think recently President Mitterrand has made some equally vigorous statements on that subject. So I don't accept what you say.

I do accept that our economic policies, especially our interest rates, have been the subject of concern and increasing concern in recent weeks. But I spent 5 years in Europe, and during that period they were also disturbed with American economic programs. At that time their concern was what they perceived to be a lack of discipline here in the U.S. economy, a situation where we are letting inflation run rampant, a situation when we were letting the dollar suffer what they referred to as "benign neglect," and a situation in which they felt that lack of discipline in our own domestic energy program was being translated onto their shoulders through declining dollar values.

We've turned that around. This Administration has put together a coherent, comprehensive program designed to get inflation under control, to get economic growth proceeding more rapidly in a positive direction. It has, of course, been perceived in Europe to some degree with resulting high levels of interest rate to be a cause of their problems.

We understand their concern. We've been sensitive to it from the beginning, and we are going to be increasingly sensitive to it as we proceed down the road. I think another problem that bothers our European friends, and I'm speaking very frankly, is that they have different systems than we do here. They don't welcome American officials suggesting how they should correct their economic deficiencies, and they have many. I think it's important that there be a free exchange of views on these relative concerns, and I anticipate there will be, but I think it's going to be a very cordial and constructive dialogue that will take place.

Q. The Canadian Government has released logistical and security details on the Ottawa summit trip. They are permitting hostile demonstrations in the near vicinity of the summit. Are you satisfied with the Canadian Government's security arrangements?

A. I would leave that to the experts. I haven't dug into those matters that you're speaking of. I think we do welcome the fact that Canada is a democratic society and an open society and we like that.

Q. Do we have a contingency agreement with our allies to radically cut trade with the Soviet Union in the event of an invasion of Poland?

A. I think we have discussed this issue repeatedly over the last 6 months and it was discussed at length before this Administration came in. There's no question that there's been extensive planning and coordinating discussions between the members of NATO and those Western industrialized states outside of NATO, and which are focusing, primarily, on political, economic, and diplomatic reactions that might be undertaken in the event of a situation in Poland of the kind you describe. Beyond that I won't say. And that doesn't mean there are any a priori triggering mechanisms for a complete set but a menu.

Q. Given the different approaches, given the fact that you said that the allies will try to reach a mutual understanding on a different subject, on the subject of Central America, does that mean that the United States would be willing to change its position on Central America?

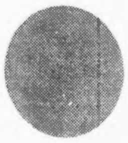
A. I think our Assistant Secretary for Latin American Affairs is giving a speech today on this subject, and I would refer you to that. It's a clear exposition of what our current policy is and will remain. On the other hand, I would like to take the opportunity of your question to suggest that what we are talking about in there is our view of a political solution and reaffirming that a political solution is our objective.

We are faced with two problems. One is a security-related problem. And the other is a problem of dealing with the condition of, whether you refer to them as economic deprivation or socioeconomic or social justice objectives, to which an entirely different set of programs have to be designed and tailored. That's precisely what we've been doing in the case of our Caribbean basin development plan and the discussions we have had with Mexico, Venezuela, and Canada.

We would visualize, if this plan takes shape with the agreement and participation of all, that we would expand the donor countries. I think that deals more precisely with the question of the socioeconomic environment in Central America and the opportunities it affords for external mischiefmaking.

Q. Do you expect the annual economic summits to continue after this one?

A. Yes, I would anticipate it, but it depends on the heads of state and government. It will be one of the topics they will discuss, I am sure.



Prime Minister Suzuki

For this most successful conclusion of this Ottawa summit, we are indebted to the outstanding chairmanship of Prime Minister Trudeau and the most generous cooperation by the Government of Canada. I am grateful, Mr. Prime Minister, beyond expression.

The fundamental task of summitry—particularly this summit—is for us to deal with political and economic difficulties that threaten the peace and the prosperity of the world. It is in this sense that as the sole representative having crossed the Pacific Ocean to join this summitry to say that the nations of Asia and the Pacific also have much expectation of and interest in this summit.

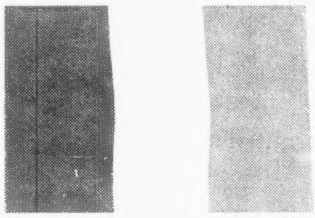
As regards the fruits of this summit, there have been many fruits—on East-West relations, North-South issues, and various problems that face all of us in the West within us. We have committed ourselves and expressed this commitment that we should tackle these problems with a common perception and sense of common objectives in a way that befits our respective nations and its strength and circumstances.

Another fruit is that we have felt strongly that we should demonstrate that the Western political, economic, and social institutions are superior to those in the East and also to step up our cooperation with the Third World, and pledging ourselves to the steadfast maintenance of free trade institutions is a most important fruit out of this summit. I believe this is, indeed, the message from Ottawa to the world. Our participants have expressed our solidarity and cooperation, and this strong expression, I believe, is a most valuable and irreplaceable achievement of this summit.

Above all, I am satisfied that we have been able to build friendship and mutual confidence among the leaders of these summit nations.

The North-South question was an important item on our agenda. We have been united in recognition that our interdependence in the international community is becoming more important than ever, and we are committed to further expand official development assistance.

In conclusion, I would like to say that for this most successful summit conference, I am again grateful to Prime Minister Trudeau personally and to the people of Canada for their most generous support and cooperation and, with that note of thanks, I would like to conclude my comments.



Prime Minister Spadolini

The Government of the Italian Republic is very grateful to the Canadian Government and in particular to Prime Minister Trudeau, who was the animator and coordinator of our discussion, for the perfect organization of this summit meeting of the main industrial countries of the Western world—a summit meeting which has coincided with one of the most difficult moments of the periods of the Western industrial countries and after many events which have affected our countries, which has had an impact on all our countries, and which has made it necessary to search for new points of view and coordinated views.

In this case, also, as in the past, the work of the summit meeting developed in a spirit of civil and constructive confrontation and a framework of tolerance and a mutual understanding within the framework of a common understanding of our pluralistic, complex society, which is shaken by serious events. In a short period of time, the societies we have constructed on the basis of a reliance on and a firm belief in our values have gone over to uncertainty and doubt. And it is our responsibility to interpret and to understand the reasons for these upheavals, which are affecting the very

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Summary of Political Issues

July 21, 1981*

1. Our discussion of international affairs confirmed our unity of view on the main issues that confront us all. We are determined to face them together in a spirit of solidarity, cooperation and responsibility.

2. We all view with concern the continuing threats to international security and stability. Lasting peace can only be built on respect for the freedom and dignity of nations and individuals. We appeal to all governments to exercise restraint and responsibility in international affairs and to refrain from exploiting crises and tensions.

3. In the Middle East, we remain convinced that a solution must be found to the Arab-Israeli dispute. We all deplore the escalation of tension and continuing acts of violence now occurring in the region. We are deeply distressed by the scale of destruction, particularly in Lebanon, and the heavy civilian loss of life on both sides. We call on all states and parties to exercise restraint, in particular to avoid retaliation which only results in escalation; and to forego acts which could lead, in the current tense situation in the area, to further bloodshed and war.

4. We are particularly concerned, in this respect, by the tragic fate of the Lebanese people. We support the efforts now in progress to permit Lebanon to achieve a genuine national reconciliation, internal security and peace with its neighbours.

5. In East-West relations, we are seriously concerned about the continuing build-up of Soviet military power. Our concern is heightened by Soviet actions which are incompatible with the exercise of restraint and responsibility in international affairs. We ourselves, therefore, need a strong defence capability. We will be firm in insisting on a balance of military capabilities and on political restraint. We are prepared for dialogue and cooperation to the extent that the Soviet Union makes this possible. We are convinced of the importance of working towards balanced and verifiable arms control and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure.

6. We welcome the fact that, at the Madrid Conference on Security and Cooperation in Europe, Western countries have just

foundation of our societies, in order to revitalize our societies and to broaden consensus and trust in our political democratic institutions based on stability of our economy and the social progress.

The Italian Government has explained its own policy in the field of economics and social policies as well, which are aimed at controlling inflation through a range of initiatives and activities aimed at reducing the cost—government costs—and conciliating the interests of unions and management, just as all of the nations participating in these matters. We are convinced that we must defeat this monster of inflation and unemployment since they absorb ever-increasing resources and leave very little room for productive investments.

We consider it very significant that the joint communique refers explicitly to the common desire of the seven governments that the fluctuations of interest rates cause difficulties for other countries in pursuing their affairs.

The problem of foreign exchange and stability of markets is considered very important for the proper and consistent development of our economies. We have also dealt with the problems of energy and the North-South dialogue. We have emphasized our interest in developing alternative sources of energy starting with nuclear energy.

As regards the problems affecting our societies, many derived from the need to find a common measure between industrialized countries and developing countries, mindful of the mutual interdependence the summit has made toward progress in this. We are well aware that developing countries—that is to say, the Third World—their public debt has reached proportions which can no longer be sustained, and, therefore, there is an urgent need to provide aid to those countries so that they will not be burdened with further debts. We have given appropriate priority to the harmonious development of relations between the North and South. If we forego this aid, we would be abdicating our responsibility as regards peoples who are faced with those problems of underdevelopment and hunger. That is why we have proposed that Italy should assume, as soon as possible, in concert with the European economy the development of specific proposals for action in the field of food and agriculture, in coordination with the international agencies in Rome and that priority interest should be devoted to those countries. One of the results of our summit meeting has been to unite our bonds even stronger on the basis of effective, common activities and pursuits beyond all rhetoric and ritual. And this is a battle which, as Chancellor Schmidt indicated, is of essential importance.

Italy reaffirms, just as France—as President Mitterrand—its solidarity with the Western powers in the knowledge that there is a close link between Europe and the United States, and this has been again confirmed by President Reagan. We may say that it is a great satisfaction for us to observe that we have—there are many common points on which we have agreed—social justice, international peace, and other items are all indivisible problems for us.

President Thorn

I'm sure it's no exaggeration to be the seventh to thank you. And I would like to say that the heads of state and of governments represented here have decided to start up a new cycle, a second cycle, of summits. They have done so because the results quite justify such a second cycle. This is because the conference was very well prepared, of course, and also because the welcome extended by Canada and the beautiful site at which the conference took place favored such success. Moreover, Prime Minister Trudeau had taken up the pilgrim staff and has made sure that debates be restricted as much as possible so that as many results be achieved as possible.

Speaking on behalf of the Community, on behalf of the Commission of the European Communities, I'm not speaking at the same level and not speaking on behalf—for example, I'm not wishing to take the place of Mrs. Thatcher,

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taken another major initiative aimed at defining the area to be covered by the measures the proposed European Disarmament Conference would negotiate. Equally important, they have proposed a number of human rights provisions that would give new hope for individuals deprived of their freedom. We believe that Soviet acceptance of these initiatives would enable a balanced conclusion of the Madrid meeting and a substantial reduction of tension in Europe.

7. As regards Afghanistan, about which we publicly stated our firm and unanimous position at last year's Venice Summit, we note that the situation remains unchanged. Therefore, with the overwhelming majority of nations, we continue to condemn the Soviet military occupation of Afghanistan. We support international efforts to achieve the complete withdrawal of Soviet troops and to restore to the Afghan people, who are fighting a war of liberation, their right to determine their own future. We note with approval the constructive proposal of the European Council for an international conference to bring about this result and call upon the Soviet Union to accept it. We are grateful for the report given us by Foreign Secretary Carrington on his recent visit to Moscow, and his discussions there, on behalf of the Ten, on the international conference proposal.

8. Believing as we do that the Kampuchean people are entitled to self-determination, we welcome and support the Declaration of the International Conference on Kampuchea.

9. Together with other states and regional organizations, we are resolved to do what is necessary to enhance regional security and to ensure a peace built on the independence and dignity of sovereign nations. All peoples should be free to chart their own course without fear of outside intervention. To that end, we shall continue to promote peaceful resolution of disputes and to address underlying social and economic problems. We reaffirm our conviction that respect for independence and genuine non-alignment are important for international peace and security.

10. Recalling the statement on refugees adopted at the Venice Summit, we are seriously concerned over the growing plight of refugees throughout the World. We reaffirm our support for international relief efforts and our appeal to all governments to refrain from actions which can lead to massive flows of refugees.

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*Issued to the press in Ottawa by Prime Minister Trudeau, chairman of the summit, on behalf of all the participants.

The planning period covered by the guidance will also see SACEUR's reinforcement plan take effect; this will facilitate the rapid and co-ordinated deployment to Europe of large numbers of United States, United Kingdom and Canadian reinforcements in times of tension or hostilities.

Recognizing that nations not responding to situations outside NATO's boundaries may need to assume additional tasks within the NATO area, national defence planning should make provision towards compensating for changes in the availability of forces committed to NATO because of diversion or tasking on a national basis to carry out operations outside NATO's boundaries in support of the vital interests of Allied countries.

The critical strategic importance of the southern region and the Mediterranean is recognized as is the need for continued support and assistance to Greece, Portugal and Turkey whose economic situation does not permit them to provide from their own resources all the defence capabilities necessary for the implementation of Alliance strategy.

There is a continuing necessity for NATO to maintain strong, diverse and flexible nuclear forces as part of the NATO triad and thereby to ensure deterrence. NATO will move ahead with its planned schedule of long-range theatre nuclear force (LRTNF) modernization whilst at the same time making efforts to reach balanced, equitable and verifiable arms control agreements limiting such forces as was decided on 12th December, 1979. In this respect, Ministers welcomed the intention of the United States to begin negotiations with the Soviet Union by the end of the year on theatre nuclear force arms control within the SALT framework as declared in Rome, and endorsed plans for the high level group and the special consultative group to undertake urgently agreed studies.

Ministers discussed the status of the long-term defence programme and approved recommendations designed to ensure continuing progress in a number of key areas.

The Alliance is engaged in many longer term planning efforts. As reflected in the guidance, these include the development of concepts and of long-term planning guidelines in certain specific areas. The guidance underlines the need for further efforts in the area of armaments co-operation, including continued emphasis on NATO-wide planning procedures and the extension of the family of weapons concept. Special attention will be given to long-term armaments planning especially where there will be opportunities for taking advantage of advanced technologies and for energy conservation. Attention is drawn to the need for control over the transfer of advanced technology to Warsaw Pact countries, within the framework of existing international consultations.

Other matters to which the Alliance is currently giving increased attention concern the provision of adequate infrastructure funds; Ministers approved financing for the programme for the current year.

Confronted with all these tasks and notwithstanding economic and financial constraints the standing Allied commitment to the 3 percent formula guidance has been confirmed. In the light of the worsening military situation as well as the emerging need to cope with the implications of contingencies outside the NATO boundaries the Allies have also agreed to do their utmost to make available all the resources needed to provide the requisite strengthening of their deterrent and defence forces. This general guidance on resources is only one of a number of factors which are relevant to determining the defence efforts which nations should undertake. It therefore needs to be accompanied by more specific considerations for each nation taking account of the quality and quantity of its past and present defence efforts, the most critical deficiencies in its forces and the necessary improvements which should be achieved as soon as possible within the planning period. Greater emphasis should be placed on performance, such as reflected in the achievement of force improvements. In this regard Ministers welcomed the significant efforts made by the United States to strengthen its defence capability in the interest of the Alliance as a whole. ■

West German Chancellor Visits United States

Chancellor Helmut Schmidt of the Federal Republic of Germany made an official visit to Washington, D.C., May 20–23, 1981, to meet with President Reagan and other government officials.

Following is the text of the joint statement issued on May 22.[1]

During the official visit of Chancellor Helmut Schmidt of the Federal Republic of Germany to the United States from May 20–23, 1981, President Reagan and the Federal Chancellor held detailed talks on a wide range of political and economic questions. They noted with satisfaction that they share a common assessment of the international situation and its implications for the Western alliance. They agreed that their two countries have a common destiny founded on joint security interests and firmly rooted in their shared values of liberty, a democratic way of life, self-determination, and belief in the inalienable rights of man.

They regard the reliable and proven U.S.-German partnership as an essential factor in international stability and Western security based on the North Atlantic alliance. They agreed that substantive and effective consultations are a mainstay of the relations between Western Europe and the United States.

The President and the Federal Chancellor welcomed and reaffirmed the results of the recent NATO ministerial meetings in Rome and Brussels as renewed proof of the political strength of the alliance and the continuity of alliance policy. They stressed the determination of alliance members to take the necessary steps to work with their NATO partners to strengthen the Western defense posture and to address adverse trends due to the Soviet military buildup. Together with deterrence and defense, arms control and disarmament are integral parts of alliance security policy.

The President and the Federal Chancellor affirmed in this connection their resolve to implement both elements of the NATO decision of December 1979 and to give equal weight to both elements. The Federal Chancellor welcomed the U.S. decision to begin negotiations with the Soviet Union on the limitation of theater nuclear weapons within the SALT framework by the end of this year. He also welcomed the fact that the U.S. Secretary of State has initiated preparatory discussions on theater nuclear forces with the Soviet Union, looking toward an agreement to begin formal negotiations. The President and the Federal Chancellor agreed that TNF [theater nuclear force] modernization is essential for alliance security and as a basis for parallel negotiations leading to concrete results on limitations of theater nuclear forces. They further agreed that the preparatory studies called for in the Rome communique should be undertaken as matters of immediate priority by the relevant NATO bodies.

The President and the Federal Chancellor assessed very favorably the close cooperation between the Federal Republic of Germany and the three powers in matters relating to Berlin and Germany as a whole. The Federal Chancellor thanked the President for his reaffirmation of the pledge that the United States will continue to guarantee the security and viability of Berlin. They agreed that the maintenance of the calm situation in and around Berlin is of crucial significance for European security and stability.

The European Community plays an important part in maintaining international political and economic stability. The United States will continue to support the process of European unification.

Both sides noted that a serious international situation has been created by Soviet expansionism and armaments efforts. To meet this challenge and to secure peace, they are determined to respond with firmness and to maintain a dialogue with the Soviet Union.

The President and the Federal Chancellor agreed that it is important for the stabilization of East-West relations that the current CSCE [Conference on Security and Cooperation in Europe] review conference in Madrid agree on a balanced substantive concluding document which includes enhanced respect for human rights, increased human contacts, a freer flow of information, and cooperation among and security for all of the participants. In this regard, and as part of such a balanced result, the President and the Chancellor favor agreement on a precise mandate for a conference on disarmament in Europe, providing for the application of militarily significant, binding, and verifiable confidence-building measures covering all of the continent of Europe from the Atlantic to the Urals.

Poland must be allowed to solve its problems peacefully and without external interference. The President and the Federal Chancellor reaffirmed unequivocally their view that any external intervention would have the gravest consquences for international relations and would fundamentally change the entire international situation.

Genuine nonalignment of the states of the developing world is an important stabilizing factor in international relations. The Chancellor and the President support the independence and the right of self-determination of the states of the developing world. They will, in concert with their allies and the countries affected, oppose any attempts, direct or indirect, by the Soviet Union to undermine the independence and stability of these states. They confirmed their willingness to continue their cooperation with these states on the basis of equal partnership and to continue their support of their economic development.

The President and the Federal Chancellor reaffirmed their view that the Soviet occupation of Afghanistan is unacceptable. They demanded the withdrawal of Soviet troops from Afghanistan and respect for that country's right to return to independence and nonalignment. The destabilizing effects which the Soviet intervention in Afghanistan has on the entire region must be counted.

Both sides stressed the importance of broad-based cooperation with the states of the gulf region.

The President and the Federal Chancellor agreed that the United States and the Federal Republic of Germany, the latter within the framework of European political cooperation, should continue the search for a comprehensive, just, and lasting peace in the Middle East. Their efforts should continue to be complementary and build upon what has been achieved so far.

Both sides reaffirmed the determination to strengthen further the open system of world trade and to oppose pressure for protectionist measures.

They stressed the vital importance for political and economic stability of further energy conservation and diversification measures to reduce the high degree of dependence on oil. The pressing energy problems can only be mastered on the basis of worldwide cooperative efforts that strengthen Western energy security and reduce the vulnerability of the West to potential supply cutoffs from any source. The supply problems of the developing countries require particular attention.

The President and the Federal Chancellor agreed on the need in framing their economic policies to give high priority to the fight against inflation and to the creation of improved conditions for renewed economic growth and increased productivity. Both sides stressed the need for a close coordination of economic policies among the industrial countries.

Both sides stressed the need for close and comprehensive exchange of views on the U.N. Conference on the Law of the Sea while the U.S. Government reviews its position.

The President and the Federal Chancellor noted that their talks once more demonstrated the friendly and trusting relationship that has linked their two countries for over 30 years. They welcomed all efforts which serve to broaden mutual contacts and underlined the responsibility of the coming generation for maintaining and developing German-American friendship.

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[1] Text from White House press release. Arrival remarks, dinner toast, and departure remarks were also issued as White House press releases. ■

U.S. Asks Libyans To Close People's Bureau; Travel Advisory Issued

DEPARTMENT STATEMENT,
MAY 6, 1981[1]

From the first days of the Administration, both the President and Secretary Haig have made known their very real concern about a wide range of Libyan provocations and misconduct, including support for international terrorism.

We have also been concerned by a general pattern of unacceptable conduct by the People's Bureau in Washington, which is contrary to internationally accepted standards of diplomatic behavior.

We have, therefore, asked the Libyans to close their People's Bureau in Washington and have given them 5 working days, starting today, to withdraw their personnel. This action reduces our relations with Libya to the lowest level consistent with the maintenance of diplomatic relations.

A new travel advisory is being issued today: "Due to unsettled relations between the U.S. Government and the Government of Libya, the Department of State warns American citizens against any travel to or residence in Libya. Travelers should also be informed that the U.S. Embassy in Tripoli is closed, and the U.S. Government is not in a position to provide consular protection and assistance to Americans presently in Libya."

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[1] Made available to news correspondents by Department spokesman Dean Fischer. ■

Infant Formula Code

The following statements were made by Elliot Abrams, Assistant Secretary for International Organization Affairs, on May 15, 1981, M. Peter McPherson, Administrator of the Agency for International Development (AID), on May 18, and Assistant Secretary Abrams before the Subcommittee on International Operations of the House Foreign Affairs Committee on May 20.

PRESS STATEMENT BY ASSISTANT SECRETARY ABRAMS, MAY 15, 1981

After very careful consideration of this issue at all levels of the Administration and by several agencies, we have determined that the U.S. delegation to the assembly of the World Health Organization (WHO) must cast a negative vote on the draft code of marketing of breastmilk substitutes. A formal announcement of the vote will come, as you would expect, when the matter comes up on the agenda in Geneva, which will be, roughly, a week from now.

This has been a very difficult decision. It's a very highly emotional issue, and in arriving at our decision, we have tried to take into account both the positive and negative aspects of the draft code, in the context of our own social, legal, and constitutional system.

The code causes us serious problems, both on constitutional and legal grounds and on economic and commercial grounds. It seeks to proscribe certain commercial practices, such as advertising and association between consumers and manufacturers, which contradict our constitutional guarantee of free speech and freedom of association and our antitrust laws. It does not provide the flexibility governments, companies, and health workers need in accordance with varying legal, social, economic, or cultural conditions of the member states of WHO.

There is ambiguity regarding the scope of the code. That is, it could easily be read to apply to foods other than infant formula.

Some of the provisions seek to curtail the free flow of admittedly truthful information to the public regarding products available to the public, and, more generally, it would curtail commercial practices without adequate evidence linking those practices to a decline in breastfeeding.

Fundamentally, we think it would be hypocritical for the United States to vote for a code which we could not and would not wish to adopt or implement in this country. We cannot recommend its implementation here, and, therefore, we cannot recommend its implementation to others. We remain committed to the promotion of breastfeeding as the preferred form of infant feeding and to measures to improve infant and maternal health worldwide. We very much support WHO's efforts in this area and will continue to provide bilateral assistance to other countries, with the object of improving nutrition for infants and mothers.

PRESS STATEMENT BY MR. McPHERSON, MAY 18, 1981

The World Health Assembly, currently meeting in Geneva, is considering a proposed code of marketing practices for breastmilk substitutes. After very careful consideration, the Administration has decided to oppose this code. AID fully supports that decision.

AID has consistently endorsed the promotion of breastfeeding as the preferred form of infant nutrition. AID has many programs around the world where encouragement of breastfeeding is part of the health education effort. It also continues to support the WHO in fostering improved health for all the peoples of the world. However, the Administration feels that it is inappropriate for an agency of the United Nations to move in the direction of regulating economic activity.

This is not the only example of a U.N. agency proposing a bad international code. UNESCO [U.N. Educational Scientific and Cultural Organization] is currently attempting to restrict press freedom by establishing a so-called new world information order. This code would undermine respect for press integrity and legitimize attempts by the Soviet bloc and its allies to control the flow of information. Clearly, it is not the role of WHO or UNESCO to legislate these types of restrictions. However well intended, these codes set dangerous precedents which the United States will continue to oppose.

STATEMENT BY ASSISTANT SECRETARY ABRAMS, MAY 20, 1981[1]

Thank you for the opportunity to discuss the U.S. position on the WHO draft international code of marketing of breastmilk substitutes. As you know, we expect the World Health Assembly to discuss and vote on the code today or tomorrow.

Major Events Leading to Code

The concern with infant nutrition and the decline of breastfeeding in the developing countries began a number of years ago. In October 1979, WHO and UNICEF [U.N. Children's Fund] jointly sponsored a meeting including government and development assistance officials, companies, health professionals, and public interest groups to discuss the problems of infant nutrition and the promotion of breastfeeding in particular. The participants agreed that breastfeeding, clearly, is the preferred form of infant nutrition, a position long taken by the U.S. Government and propounded most clearly in statements of the Surgeon General. One of the major issues at that October meeting was the role of the manufacturers of infant formula in the worldwide effort to promote breastfeeding. Agreed language was achieved at that meeting, including a recommendation that advertising or promotion of infant formula should not be to the detriment of breastfeeding.

Following the October meeting, the World Health Assembly at its 33rd annual meeting in May 1980, unanimously agreed to authorize WHO to draft an international code for the marketing of breastmilk substitutes. This was to be done in close consultation with health professionals, governments, manufacturers, and public interest groups. The original U.S. position at that assembly was that a code should be drafted, that it should be done by means of intergovernmental negotiations rather than by an international secretariat. An intergovernmental negotiation would have led more easily to a code that reflected the differing needs of the countries represented. To our regret, the U.S. position was rejected.

During the intervening year, WHO has presented four drafts for consideration by interested parties. The fourth draft is the one being presented to the World Health Assembly this week. The United States has been actively involved in the development of this draft code and has had some influence on the actual terms of the code. Unfortunately, such significant problems as a recommended complete ban on advertising to the general public and highly detailed requirements concerning labeling and contact by marketing professionals with mothers and expecting women have not been changed, notwithstanding our representations during the past year. During this entire time, we expressed reservations about the propriety of WHO becoming involved in a commercial code in addition to our comments on the specifics of this particular draft code.

During all of the discussions on the various drafts, the U.S. position was presented clearly on a number of issues, although when it became apparent that it would be impossible to change the approach taken to such issues, we did not necessarily press on that issue to the exclusion of all others; in effect, we made our views known on virtually all issues in the code. Unfortunately, we did not win on the most important questions. Our goal throughout this effort was not to derail a code but rather to develop a useful statement of principles upon which each member of WHO could draw in light of its own special circumstances.

U.S. Position

I would like to emphasize that this issue has received very careful consideration at all levels of the Administration and by several agencies. It was pursuant to those deliberations that we determined that the U.S. delegation to the World Health Assembly must cast a negative vote on the draft code of marketing of breastmilk substitutes.

This has been a difficult question and one that has received widespread and, I might add, emotional attention. In arriving at our decision we have tried to take into account both the positive and negative aspects of the draft code, in the context of our own social, legal, and constitutional system.

The code contains provisions that raise significant legal and constitutional questions for the United States. For example, one provision seeks to ban all advertising, which raises serious questions concerning our constitutional doctrines of freedom of expression. In addition, some of the provisions raise concerns regarding our laws on competition among business entities, i.e., antitrust laws.

Another problem is that although the code appears to provide flexibility for governments, its overall effect is to prescribe a rigid set of rules applicable to companies, health workers, and health care systems in all parts of the world. It does not provide the flexibility that these parties need to take account of varying legal, social, economic, and cultural conditions. There is also ambiguity regarding the scope of the code—specifically, whether it would be applicable to products other than breastmilk substitutes.

The decision on the code was especially difficult here because of the absence of adequate evidence demonstrating that the practices at issue have an adverse impact on breastfeeding or infant health. Some of the provisions seek to curtail the free flow of truthful information to the public regarding products available to the public, and some provisions would also curtail commercial practices without adequate evidence linking those practices to a decline in breastfeeding.

We recognize the right of a government to ban or restrict the marketing of harmful products and substances. We also recognize, in our laws, the responsibility of manufacturers to adhere to honest and ethical standards in the preparation and marketing of their products. But the United States cannot support the proposed code because it would be, if applied in the United States, an unwarranted invasion of the freedom of men and women to make informed choices, on the basis of all the truthful information available about a product which appears to them to best meet their needs.

Finally, and perhaps most importantly, as we could not and would not recommend the implementation of this code at home, we cannot, in good conscience, recommend the code for implementation by other countries.

I would emphasize that this Administration is deeply concerned about maternal and infant health, and we support an extensive program in this field in our own country and throughout the world. We strongly support efforts to promote and protect breastfeeding as the ideal form of infant nutrition, and we strongly support the work of WHO in fostering improved health for all the people of the world. The United States remains committed to improving infant and child health, and we believe that our own bilateral assistance programs encompassing education, training, and the dissemination of information on the promotion of breastfeeding and the improvement of infant and maternal nutrition attest to this commitment.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Department of State

bulletin

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ECONOMIC SUMMIT / 1

Secretary Haig's Press Briefing

Montebello

July 19, 1981[2]

What I'm really trying to do for you tonight is to give you a very quick and cryptic description of the bilaterals that were held between the President and Chancellor Schmidt of West Germany and French President Mitterrand.

As you know, the President will conduct bilaterals not only with these two but with Japan and Great Britian. He has talked to Canada. He's talked to the Economic Community; of course, finally with Italy. After each we'll give you a flavor of what occurred.[3] That is all we are going to talk about.

First, the meeting with Chancellor Schmidt was an extension of a relationship which has already begun, as you know, both as a result of the Chancellor's earlier visits to Washington. There was a very lengthy discussion and exchange on the economies. The Chancellor, of course, raised his concerns about the impact of the perception of high U.S. interest rates on European economies in general. The President went into considerable length to explain to the Chancellor that high interest rates do not represent American policy, that these were inherited economic conditions, and that it is the policy of the United States to pursue a broadly based program involving fiscal, tax, and monetary reform and fiscal restraint—all designed to bring our inflation levels under control—and that the consequence of that would be a responsive drop in the interest rate. At the same time, the President made it very clear that he understood the concerns of our European partners and Helmut Schmidt's particular concerns about the current high level of interest rates.

Beyond these economic questions Chancellor Schmidt was, of course, very interested in our current state of knowledge of the critical situation in the Middle East. And there was an exchange on the activity we have underway with Ambassador Habib's [Philip C. Habib, the President's special emissary to the Middle East] mission, the discussions that the Ambassador had with Prime Minister Begin—two discussions today. We've just gotten the report on the second, and the situation remains tense and worrisome.

There were discussions in general on East-West matters between the Chancellor and the President. The President registered his concerns about excess dependency on Soviet natural gas and the pipeline issue and offered to present to the Chancellor a host of alternative programs that the United States is prepared to cooperate and support on which might eliminate dependency or reduce dependency in that area.

UPI photo

The President also raised the issue of other aspects of East-West trade and the desirability of having a high-level meeting this fall to look at the possibility of tightening up in certain areas and perhaps loosening up in other areas. But the main objective would be to tighten up in military-related issues involving end items and technology. With respect to technology, the focus would be on military-related trade as distinct from specific military trade. Military-related trade, items that could have an impact more indirectly—that would be reserved to technology.

All in all, the meeting was fast-moving, cordial, and reflected the fact that the two leaders have spoken together in the past and have already established a level of frankness and rapport that enabled us to do a lot of business.

The President used this meeting also to once again reaffirm the American intention to proceed with the two tracks of the TNF modernization, deployment, and negotiation. The President noted that I would meet with [Soviet Foreign Minister] Gromyko in the fall at the U.N. General Assembly with a view toward having specific negotiations begin between mid-November and mid-December of this year.

The meeting with Mr. Mitterrand was [inaudible]. In other words, this was the first occasion that the two leaders had an opportunity to meet one another. I, as an observer, was very impressed with the cordial relationship which was established at this first meeting. There was an initial exchange of personal observations by the two men which, I think, helped to establish that. There were discussions again on the economic situation in Europe and in the United States. Mr. Mitterrand made it clear that he was not going to attempt to lecture the United States on our economic policy but at the same time pointed out that at some point this interest rate problem could have a profound impact not only in Western Europe but perhaps in a broader global context.

The President thanked Mr. Mitterrand for the recent statements of the President himself—President Mitterrand—and his Foreign Minister and other government officials on support for the two-track decision of the theater nuclear modernization and negotiation and the French President's repeated reference to the need to maintain our defense levels.

There were discussions, which were brief and yet important, on East-West relations, exchanges between the two men. President Reagan used this as an opportunity—recognizing the French interest in North-South relations—to outline with some specificity his great interest and the high priority he gives to U.S. and Western policies vis-a-vis developing nations.

This is an interest which the President came into office with which has been sharpened as a result of discussions early on in his Administration with the President of Mexico, Lopez Portillo, and with Prime Minister Trudeau. They've been reflected in this hemisphere by the pilot model program the President has launched for the economic development of Jamaica and the subsequent efforts we've made to launch a program designed to assist with the social-economic needs of the Caribbean basin area and the Central American countries, which was the focus, as you know, of the meeting we had with Mexico, Canada, Venezuela, and ourselves in Nassau a weekend ago.

President Mitterrand expressed a desire to continue and expand the bilateral talks started today and to project these discussions into a longer time—futuristic timeframe—3-4 years into the future, and because he felt it was important that we not exclusively engage ourselves in immediate problems only but look toward longer range trends. I think the President warmly welcomed that. The President used this occasion to invite President Mitterrand to dine with him and to meet with him at Williamsburg at the time of the Yorktown celebration this fall where, as I understand, an invitation had already gone to President Mitterrand from the sponsoring organization. President Mitterrand expressed a warm reception to that proposal, and I anticipate that will be happening at Williamsburg. We better get the date on that because I don't have it in my left pocket.

All in all, I think the discussions with both leaders were an auspicious start as preliminaries to the multilateral discussions which will proceed tomorrow morning; and as a prelude to tonight's dinner which will be participated in or attended by the principals only, and during which I anticipate all of the leaders will express themselves in greater detail and with a greater exchange of views in the larger venue.

Q. You said in the discussion with Chancellor Schmidt, the President—maybe these were your words, the situation in the Middle East remains tense and worrisome. What did you means by that?

A. I think that anyone who has been witnessing the escalating cycle of violence in the Middle East cannot but be concerned as casualties mount and innocent noncombatants become the victims of these exchanges. I don't want to go very much beyond that because that's the subject of another set of events yet to occur, as I say.

Q. You mentioned that the President offered Chancellor Schmidt several options on a natural gas supply to West Germany.

A. No, he didn't mention several options. He suggested that it would be helpful if we could offer to our European partners, especially those engaged in the pipeline project, some alternative approaches to their energy need problem. And this was done as an offer to see whether or not there might be better alternatives for both West Germany and France in this instance and whether or not in the long term these would better meet their interests and our mutual interests.

Q. So he offered nothing specific and—

A. In general, we are talking about coal, a peaceful nuclear power, plus alternative gas and fuel oil solutions, where we are somewhat more limited, as are they.

Q. Did President Reagan bring up in his bilateral talk with President Mitterrand the four Communists that have joined his government in France?

A. No, that subject was not discussed. It is clearly a subject that has been discussed in the past and is behind us.

Q. Did the President discuss with Mitterrand the Middle East situation and what was Mitterrand's response?

A. No, that did not come up, and I think it did not come up simply because the two leaders ran out of time. We had to use an interpreter for that meeting so the substantive exchange was somewhat slower.

Q. I'm just wondering about Chancellor Schmidt, whether or not you could be more specific? Did he give any particular view on what he felt the U.S. posture should be vis-a-vis Israel, or what the Western communities' posture should be vis-a-vis Israel?

A. No, I think that he expressed very specifically his deep concern about the escalating cycle of violence and was anxious to both register that concern and to hear President Reagan's own outlook with respect to recent events. We provided that, but it's a little premature yet and I think inappropriate to go farther than that.

Q. Did the President tell him his decision on the F-16s, and when will the press be notified about that?

A. No, he did not and there's been no decision on that subject. I would anticipate one in the very near future, but we leave this up to the President, of course. It's his responsibility, and he just had not made it yet.

Q. Can you say whether either Chancellor Schmidt or President Mitterrand raised concerns and expressed them to the President about U.S. policy in Central America, particularly El Salvador?

A. No, this subject did not arise in either of the bilaterals. As I mentioned earlier, however, President Reagan went into considerable detail about his thinking with respect to the developing world, and especially the socioeconomic objectives associated with the Caribbean basin plan.

Q. Did the question of the Communist participation in the Cabinet in France come up?

A. No, as I say, I believe that subject is behind us.

Q. Did either of the European leaders give an estimate to the President as to how long their economies could tolerate high interest rates in this country—6 months, a year? And what would happen if the high rates did not come down by a specified time?

A. Clearly there was some discussion about durability in the context of the current levels of high interest rates. And incidentally, many of our other European partners have equally high interest rates of their own. I think the President noted that we were number four among some of the major industrialized countries in that regard. But I think, in the case of the discussion with President Mitterrand, there was some exchange that would have suggested that the toleration level has limits in terms of duration, perhaps the end of the year.

There was some hope expressed on the U.S. side that as we are watching current or previous levels of inflation start to come down that there's a basis for some optimism that, in the not too distant future, there will be a corresponding lowering of American interest rates. But I think it's also important that all of us bear in mind, and the President emphasized himself, that we do not control interest rates. They are set by an independent agency, the Federal Reserve Board, and it is important, I think, that we recognize that, too, in the context of assessing the ability of the United States to manipulate monetary policy in that way.

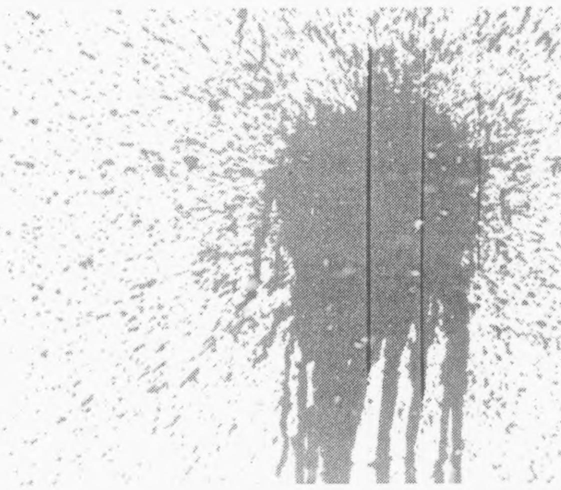
who's President of the Council at the time being.

But I would like to say that the Community, particularly countries not represented at the summit, wish to be heard—wish to speak. And we have been heard. It is being sufficiently often said that times are very hard. They are particularly hard for the European Community. Why is this so? Because in terms of trade, we are more vulnerable than anybody else. We depend much more on foreign trade and also because, in monetary terms, our interdependence is greater and, thus, perhaps we suffer more greatly from the repercussions of policies carried out in other industrialized countries. Moreover, perhaps our commitment is greater toward the Third World since we are committed to the Lome convention, for example which binds us to a large number of Third World countries.

It has been said that it was important for us to get to know each other. It was particularly important through personal contact to become aware of the limits of everybody, to understand why perhaps each of us has adopted somewhat different attitudes. I think that once this understanding exists, there should no longer be any unclarity among ourselves. We understand the essential points. We agree, although we do, all of us, understand that sometimes we have to act differently. We agree that trade at the world level must remain open, that protectionism is something we all should avoid, that free trade is a common rule that has to be respected by everybody, and this is why another conference at the ministerial level will perhaps be organized.

We also understand why the United States follows a certain policy while other countries adopt another policy, and we have to see, as the Chancellor of Germany has just said, we will have to see how each of us will have to react to the results of this conference between us. You will have to react as well, of course.

Finally, I would like to say that I'm very happy that during this summit of the industrialized nations we did not concern ourselves only with industrialized nations. We dealt also with other countries, with the developing countries, not for reasons of charity but because we know that the future of those countries will play an important part in our own future. I am happy, on behalf of the European Community, to be able to see that on this point people have moved closer together, and that dialogue, perhaps even global negotiations, and perhaps even the energy affiliate, on all these points I think that we have achieved greater agreement. We are happy to see that concerning substantive matters we all agree and once again I would like to thank Canada warmly for its excellent organization of this summit.



Statement on Terrorism

July 21, 1981*

1. The Heads of State and Government, seriously concerned about the active support given to international terrorism through the supply of money and arms to terrorist groups, and about the sanctuary and training offered terrorists, as well as the continuation of acts of violence and terrorism such as aircraft hijacking, hostage-taking and attacks against diplomatic and consular personnel and premises, reaffirm their determination vigorously to combat such flagrant violations of international law. Emphasizing that all countries are threatened by acts of terrorism in disregard of fundamental human rights, they resolve to strengthen and broaden action within the international community to prevent and punish such acts.

2. The Heads of State and Government view with particular concern the recent hijacking incidents which threatened the safety of international civil aviation. They recall and reaffirm the principles set forth in the 1978 Bonn Declaration and note that there are several hijackings which have not been resolved by certain states in conformity with their obligations under international law. They call upon the governments concerned to discharge their obligations promptly and thereby contribute to the safety of international civil aviation.

3. The Heads of State and Government are convinced that, in the case of the hijacking of a Pakistan International Airlines aircraft in March, the conduct of the Babrak Karmal government of Afghanistan, both during the incident and subsequently in giving refuge to the hijackers, was and is in flagrant breach of its international obligations under The Hague Convention to which Afghanistan is a party, and constitutes a serious threat to air safety. Consequently the Heads of State and Government propose to suspend all flights to and from Afghanistan in implementation of the Bonn Declaration unless Afghanistan immediately takes steps to comply with its obligations. Furthermore, they call upon all states which share their concern for air safety to take appropriate action to persuade Afghanistan to honor its obligations.

4. Recalling the Venice Statement on the Taking of Diplomatic Hostages, the Heads of State and Government approve continued cooperation in the event of attacks on diplomatic and consular establishments or personnel of any of their governments. They undertake that in the event of such incidents, their governments will immediately consult on an appropriate response. Moreover, they resolve that any state which directly aids and abets the commission of terrorist acts condemned in the Venice Statement, should face a prompt international response. It was agreed to exchange information on terrorist threats and activities, and to explore cooperative measures for dealing with and countering acts of terrorism, for promoting more effective implementation of existing anti-terrorist conventions, and for securing wider adherence to them.

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*Issued to the press in Ottawa by Prime Minister Trudeau, chairman of the summit, on behalf of all the participants.

Press Briefing by Secretaries Haig and Regan

Ottawa
July 21, 1981[6]

Q. We were told that the United States wanted some kind of language in the communique pointing out the danger, vulnerability, and overdependence on Soviet trade. Such language is not in there. So why isn't it, and how much of a disappointment is it that it's not there?

Secretary Haig. I think, in the first place, what we came here to do was not to look for language in communiques but, rather, to have a very detailed exchange on the interrelationships between trade with the East and, most particularly, the Soviet Union, and the political and security implications of such trade. We are very pleased. If you will refer to, I think it's paragraph 12 of the communique, I think we have some very specific language there and in the language preceding it. It's not 12. I think it's in the back page of the communique, the penultimate paragraph.

And the paragraph preceding that is precisely what we were seeking. That's paragraphs 36 and 37. I think what's important to recognize here is what we are talking about is reviewing and consulting together to tighten up the established procedures for controlling the flow of military-related end items and technology and technology-related to security-related trade with the Soviet Union. So I can't accept the premise of your question, although I certainly understand the reasons for it.

Q. Then you would say that it really makes no difference that there is no such reference in there?

Secretary Haig. No, I specifically refer you to the two paragraphs that I just mentioned, and I think you will find there is a very clear reference there.

I think you've heard a lot of language and probably you've never been as briefed as you've been on this summit. Clearly, we are all very, very satisfied with the summit because of the unity of view that emerged from it. I think from the political point of view—and as you know, this is the key aspect of this summit, economics—and those discussions that were held in the margins and during meals and which were primarily political in character, I think we are extremely pleased, and the manifestation of that pleasure was contained in the briefing of the chairman of the summit yesterday afternoon, Prime Minister Trudeau. In that declaration there was a strong reference to the need for international restraint. In the conduct of international affairs there was a reference to the collective concern of the member governments about the growth in Soviet military power and in the growing proclivity of the Soviet Union to use that power. There was specific reference to the Middle East situation and the current tensions there. There was a clear manifestation of what I call the balanced exposition of what is American policy and, clearly, the unified policy of the member governments, and that is that we are seeking to maintain a military balance with the Soviet Union while being prepared for a dialogue to include the initiation of arms control talks leading toward balance and a verifiable arms control outcome.

As you know, we made reference in that statement to the CSCE conference [Conference on Security and Cooperation in Europe] in Madrid and a new initiative made yesterday by the Western powers, and specifically, Mr. Kampelman [head of the U.S. delegation to the CSCE], in which we attempt to clarify the recent French initiative designed to achieve the confidence-building measures from the Atlantic to the Urals, and we're hopeful that the Soviets will respond. There was reference to the unsatisfactory situation in Afghanistan, endorsement of the recent U.N. conference on Kampuchea, in which two-thirds of the member states of the United Nations joined in a plea for the withdrawal of North Vietnamese forces from Kampuchea and an appropriate political settlement which would reflect the will of the Khmer people.

There were references to refugees, and I think there was an extremely important separate document released by Prime Minister Trudeau on the subject of terrorism. As you know, this has been an issue that we in the United States have had a very keen interest in for an extended period of time in this Administration, and so we are very, very pleased with the consensus arrived at on that subject. And it was timely, because here we have another aircraft hijacking today.

I think, all in all, from the political point of view, we are extremely pleased from the U.S. side with the outcome of this and, most importantly, pleased at the consensus that exists between all the member governments.

Secretary Regan. From an economic point of view, I think the Ottawa summit was very useful and very successful. It gave President Reagan an opportunity to explain his economic recovery program. He was able to reflect on his vision of leadership and, at the same time, to express concern over economic conditions both at home and abroad.

I would say that the President remained firm in the defense of his program and in the methods that he is using—his four-point program—in order to combat inflation and to see that his program is successful.

I think the two problems that everyone expressed concern about—the two economic problems that face the world that are of the greatest importance at this moment—are inflation and unemployment. We pledged to reduce inflation, and the general consensus was that the proper ways to do it were through limited monetary growth and through controlling budget deficits. Everyone there deplored high interest rates, including the United States. We all agreed that stable foreign exchange policy was desirable. We all agree again on a liberal trade policy, saying that that was necessary for trade, not only among us but trade with the less developed nations. And we considered how we could be helpful in the area of economic help for these less developed countries.

We maintained our faith in the international financial institutions and reiterated that we should work through them. Then we talked about energy and we came back to reliance, primarily on market forces, in energy.

All in all, I would say that the results of the summit and what is in that communique hit on all fours with the President's program.

Q. It was 1 year ago at the Venice economic summit that the Europeans got together and published their own

Requirements of Our Defense Policy

by Caspar W. Weinberger

Address before the United Press International (UPI) luncheon of the American Newspaper Publishers Association in Chicago on May 5, 1981. Mr. Weinberger is Secretary of Defense.[1]

Today I want to talk to you about the defense policy of the Reagan Administration as we have been shaping it over the recent months. I want to say something about our goals, about our strategies for meeting different threats and contingencies, and about the urgent task of rebuilding our capabilities.

Necessarily, this will be an incomplete description of our defense policy. I do not want to tax your patience with details; I only want to give you some highlights. Yet, in reality, our defense policy must be comprehensive and cover many aspects of our security. It must enable us to cope with all the significant threats, with all the plausible contingencies that might endanger our security. When it comes to the security of our country, we cannot prepare for only those threats that are easy to handle. In the final analysis our ultimate goal is to do everything necessary to preserve peace with freedom and to do it in time.

The fundamental goal of our defense effort, as I have said, is to preserve peace with freedom. Peace alone is not enough. Poland is technically at peace. We must secure peace with freedom, not only for today but for the future; not only for ourselves and our descendants, but for those many other nations which have joined us in an alliance for the common defense.

From our alliance commitments stem some important constants for our strategy, tactics, and deployment, because these matters have been arranged by common agreement. And if, because of a growing threat or new technology change is needed, we will again seek common agreement to bring it about.

Thus, among the constants of our defense policy, is the agreed basic strategy for NATO, which requires strong conventional, theater nuclear, and strategic nuclear forces to provide the full spectrum of deterrence. We are also recommitted to strengthen U.S. conventional forces in Europe, to improve their readiness, and to move forward with the agreed modernization of theater nuclear weapons and our associated effort at arms control negotiations.

Changes in Policy

What has changed in our determination to respond realistically to the growing threats wherever they confront our national security? For well over a decade, the Soviet Union's spending on conventional armaments has been about double our own. And its investment in strategic nuclear armaments has been triple that of the United States. These facts aren't new; you have heard them before.

> *We must secure peace with freedom, not only for today but for the future; not only for ourselves and our descendants, but for those many other nations which have joined us in an alliance for the common defense.*

What is new is that Americans, last fall, reasserted their belief that our nation must restore its military strength as President Reagan promised. What is new is that we have decided that America can, and in fact must, remain a great power if we are to keep peace and freedom. What is new is the determination of President Reagan, and those of us who serve him, to cut back Federal spending and reduce the role of government, thereby making room for a vigorous expansion in our defense effort, without causing more inflation.

The Soviet buildup in armaments over the last 15 years is not the only changed threat we must address. During the same period, Soviet power has been growing in other important ways. The Soviet Union has greatly extended its geostrategic reach by establishing military outposts in the Middle East, in Africa, and elsewhere. Soviet footholds in Ethiopia, Yemen, and Afghanistan threaten the vital oilfields of the Middle East and, indeed, the peace of the world. These bases and facilities were formerly neutral or accessible to us. And Soviet forces have increasingly been designed and deployed to take advantage of this farflung access they have gained.

As Soviet ability to project its power abroad has grown, American and allied access to bases and airspace has declined in many areas of critical concern, particularly in the vital regions of the Middle East. During this same period, we have let our strategic superiority be eroded. We have long tolerated this deterioration in our relative nuclear strength because we hoped that the nuclear balance could be stabilized through arms control agreements and that the Soviet leadership, in fact, shared our goal for such a stable nuclear balance.

It is an unfortunate, indeed, a tragic, fact that this hope of ours has been badly disappointed—the Soviet expenditures for armaments, in particular strategic arms, grew more rapidly and more steadily during the period called "detente" than during the so-called cold war. This is not to say detente caused the Soviet buildup, as some European journalists felt I have said. It is to say that detente slowed only our investment in strategic arms.

As I am stressing the need to respond to the relentless growth in Soviet arsenals, I do not want to be misunderstood to mean that Soviet military power is the only threat of concern to the Defense Department. We and our allies have come to be critically dependent on places in the world which are subject to great instability. Many of our vital resources come from such areas in the world. And in those areas, some nations are both strongly armed and hostile toward us. These local threats to our interest, and local instabilities, in general, often present a temptation to various forms of Soviet intervention. They constitute the troubled waters that are a favorite fishing ground of the Soviets. We need only to look at Syria, Iran, and Iraq, to say nothing of the Caribbean disturbances, to see this.

We cannot meet alone all the farflung challenges that may arise. We have to count on increased and closer cooperation with our friends and allies. Indeed, the commitments and interests that we are bound to support in almost every quarter of the globe are not isolated points of concern. For example, what we do to assure uninterrupted access to oil from the Persian Gulf affects Japan and Israel and all our European allies. What Japan does to strengthen its defense enhances our ability to fulfill our treaty obligations to Australia and New Zealand. What Australia and New Zealand contribute to safeguarding the eastern approaches to the Indian Ocean increases our capabilities and NATO's to counter any coercive threats on NATO's distant flanks—Turkey and Norway. Our interests and commitments, our alliances and our treaties, are both obligations and assets at once.

This interlock of interests and commitments of the free world creates mutual obligations to share in the burdens of our common defense. I believe President Reagan set an example of courage and political leadership by trimming back sharply many domestic government expenditures with large constituencies, while expanding our resources needed to meet the growing military threat. I know our allies have been deeply impressed by this example. I hope that many of them will find it possible to follow it. As partners in the common defense, we must all assume an appropriate effort at appropriate levels.

In the past, we and our allies enjoyed a commanding lead in technology and its defense applications. Today we cannot take for granted that this lead exists and will be maintained in matters important for our defense. I am confident that the United States has the human resources to hold and keep that lead—the skills, the imagination, the ingenuity. But we have not sufficiently viewed our technology as a valuable, and limited, national resource, and we neglected that part of this resource which must be devoted to keeping our nation strong and free. We have to jealously guard technology that has military applications. Let us realize that when we talk about "East-West technology transfer," we are not talking about a transfer of national assets in one direction—from West to East.

Defense Strategy

It is a primary mission of the Department to be prepared to wage war, because we invite aggression if we are unprepared to meet it, and we invite disaster if we are forced to meet aggression unprepared. The grim paradox we face, constantly, is that in trying to preserve peace with freedom we must strengthen ourselves with weapons we will never use if we are successful. We know from nearly 20 years' experience with the Soviets that unilateral restraint is the most dangerous of all policies and the policy most likely to produce expansionism or subjugation.

To fulfill our mission, we must restore our ability to mobilize our forces quickly and to support them in the combat we hope thus to deter. Accordingly, we have added major investments in readiness in our revisions of the FY 1981–82 defense budgets.

But all the investments in equipment and personnel would not suffice if we are unprepared to respond adequately to warnings. And we have learned from history that warning of attack is often ambiguous. We must develop and implement improvements to strengthen our ability to respond to warning. We are acquiring better command and communications systems that are survivable and, thus, can properly function in a war.

Our interests and commitments, our alliances and our treaties, are both obligations and assets at once.

The new Soviet projection forces do not merely give an unprecedented reach to Soviet military ventures into regions of greatest importance to us, but they are also inherently capable of swift execution. Hence, we have to be able to move our forces quickly. The scale and the speed of the invasion of Afghanistan has demonstrated that a country's capital and all its airfields can fall under Soviet military control in a matter of hours.

We must, frankly, recognize the possibility of a similar military operation against other countries where the Western interest would be vital. In the middle of any night, I may be awakened to be told that the Soviet Union is actually in the process of invading a country that we must defend but where we have neither bases nor troops. To be sure, we have contingency plans, but are our forces truly ready to carry them out? To be sure, there are crisis-management arrangements, but are we also administratively and psychologically ready to follow up with all the detailed steps necessary for farreaching and swift military movements? This is why I put so much stress on improving our ability to mobilize our forces and to mobilize quickly. We may not again have the preparation time we had to get ready for World War II, which was barely enough then.

Even more important, we have to build up a stronger military presence in vital areas to meet potential aggression before it can become an accomplished fact. This is the reason for the effort we now put into rapid deployment forces for the Middle East. This is also the reason for important elements in our security assistance bill, now pending before Congress, which is designed to help such countries as Turkey, Egypt, Sudan, and Israel.

However, within the next few years, we and our allies cannot rebuild our strength sufficiently to meet all risks of military aggression. Soviet-backed aggression against some of our vital interests in distant regions of the world might overwhelm some of our forces. What counts in a war is not winning the first battle, but the last. More and more it is apparent that we cannot and, indeed, should not rely exclusively on strategic forces and that we will need a strong conventional capacity to counter conventional strength that may be deployed against us.

We have to be prepared to launch counteroffensives in other regions and to exploit the aggressor's weaknesses wherever we might find them. That is to say, we must be prepared for waging a conventional war that may extend to many parts of the globe, if persistent local aggression by superior forces cannot be turned around. It is in this context that our need for naval superiority acquires special dimension.

Historically, we have always relied heavily on our industrial base. We recall how our productive genius was decisive in bringing us victory in both the great wars of this century. Today, we must, of course, rely on our ready nuclear forces to deter nuclear attack, as well as to help deter conventional attack against our principal alliance system. But our large and latent capacity to expand defense production has always provided an added and powerful deterrent against piecemeal aggression in other regions where we have vital interests.

Yet, we cannot take this asset for granted. Over the years, we have neglected our capacity to mobilize industry for defense. I have instituted

U.S. Assistance to El Salvador

Foreign Relations Outline[1]

Background

The Government of El Salvador is working to improve the quality of life for the people through social and economic reforms. Extremists of both left and right have used violence to try to block the reforms. Salvadoran guerrillas have received large quantities of arms and other assistance from Cuba and other Communist governments. On January 10, 1981, they launched a general offensive intended to bring down the government. Although it failed, the offensive taxed the poorly trained and ill-equipped Salvadoran Armed Forces.

U.S. Policy

We believe that Central American countries should be free to solve their internal problems without intimidation or violence supported by Cuba and other Communist governments. Our policy is to support President Napoleon Duarte's interim government as it implements reforms, moves toward free and open elections, and works to end all forms of terrorism. In addition to diplomatic support, the United States provides economic and military assistance, with economic aid more than 3½ times the amount of military aid.

Economic Aid

Because of the violence and the many difficulties of implementing basic reforms, El Salvador's production has declined by more than 15% in the past 2 years. Violence and terrorism will contribute to a further decline in 1981. The foreign exchange shortfall is estimated to be at least $143 million. Continuing unemployment of about 20% is expected. Venezuela and Mexico provide significant assistance by allowing El Salvador to apply part of its oil costs to development programs. Financial assistance also is provided by international lending organizations.

U.S. economic assistance emphasizes support for certain land reform activities, creation of jobs, provision of food, and increased credit to the private sector. In FY 1980 we provided $58.8 million in aid; $63 million was originally scheduled for FY 1981. Because of the continuing economic decline, additional assistance is required urgently to help the government meet basic needs, especially to finance essential imports of food, agricultural chemicals, and industrial materials for the private sector. Therefore, the United States is proceeding with an additional $63.5 million in aid, bringing our total economic package in FY 1981 to $126.5 million.

Security Assistance

Until the guerrillas' January offensive, the United States had earmarked $5 million for loan guarantees to help finance Salvadoran purchases of nonlethal military equipment, such as trucks, and $440,000 for military education and training. As an immediate response to the offensive, the United States leased six U.S. Army helicopters to El Salvador and made available a small number of U.S. military personnel to help with their delivery and assembly and to train Salvadorans in their use. On January 16, 1981, President Carter agreed to provide defense articles and services valued at $5 million to meet the emergency resupply needs of the Salvadoran forces. Under this authorization, the United States supplied arms and ammunition to the Salvadoran Government for the first time since 1977.

In March 1981 President Reagan authorized another $25 million in security assistance to provide for additional equipment and the assignment of additional training personnel. This increased the level of FY 1981 security assistance from $10.4 million to $35.4 million. The new U.S. assistance will provide four additional transport helicopters (bringing the total number to 10), jeeps, trucks, tents, tools, and first-aid supplies, as well as small arms, grenade-launchers, mortars, and ammunition.

Military Training Personnel

In the fall of 1980, there were 33 U.S. military personnel assigned to El Salvador: 20 U.S. Embassy Marine security guards, 4 security assistance administrators in the Embassy military group, 4 officers and enlisted personnel in the defense attache's office, and 5 officers and enlisted personnel assigned as an operational planning assistance team to the Salvadoran high command. The additional training personnel will consist of:

- A 5-man addition to the operational planning assistance team working with the Salvadoran high command and regional commands on communications, intelligence, and planning;
- Three 5-man army teams working outside the capital, providing small unit training, particularly in counterinfiltration techniques, to the Salvadoran Army's newly created quick-reaction forces (training will be conducted exclusively inside Salvadoran military garrisons);
- A 6-man naval team to instruct Salvadoran personnel in interdiction at sea and maintenance of patrol craft and to survey the need for upgrading the boats and for further training; and
- A 14-man helicopter maintenance and pilot training team.

In the spring of 1981, the 6-man naval training team completed its mission and withdrew, the administrative staff of the U.S. military group increased by 8, and 1 Marine security guard was added. These changes left 76 U.S. military personnel positions in El Salvador; 51 security assistance positions, 21 Marine security guards, and 4 positions in the defense attache's office.

War Powers Resolution

The war powers resolution requires the executive branch to consult with Congress before U.S. Armed Forces are introduced into hostilities or into a situation where the circumstances clearly indicate that hostilities are imminent. It also requires a report within 48 hours after such an introduction as well as a report, but not prior consultation, whenever U.S. Armed Forces equipped for combat are sent into foreign territory. The Administration has concluded that present circumstances do not indicate an imminent involvement of U.S. personnel in hostilities.

Since January the level of hostilities has declined. Our personnel will be stationed in San Salvador or in carefully

TREATIES

Current Actions

MULTILATERAL

Agriculture
Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980. TIAS 9919.
Ratification deposited: Argentina, May 6, 1981.

Atomic Energy
Agreement amending and extending the agreement of Sept. 15, 1976 (TIAS 8655), on research participation and technical exchange in the U.S. Nuclear Regulatory Commission loss of fluid test (LOFT) research program. Dated Jan. 28, 1981. Entered into force Mar. 12, 1981; effective Oct. 20, 1980.

Aviation
Convention on the international recognition of rights in aircraft. Done at Geneva June 19, 1948. Entered into force Sept. 17, 1953. TIAS 2847.
Adherences deposited: Guinea, Aug. 13, 1980; Togo, July 2, 1980.

Protocol relating to certain amendments to the convention on International Civil Aviation (TIAS 1591). Done at Montreal June 14, 1954. Entered into force Dec. 12, 1956. TIAS 3756.
Ratifications deposited: El Salvador, Feb. 13, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to amendment of Article 50(a) of the Convention on International Civil Aviation (TIAS 1591) to increase membership of the Council from 21 to 27. Adopted at Montreal June 21, 1961. Entered into force July 17, 1962. TIAS 5170.
Ratification deposited: Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment to the Convention on International Civil Aviation (TIAS 1591) (to increase number of parties which may request holding an extraordinary meeting of assembly). Done at Rome Sept. 15, 1962. Entered into force Sept. 11, 1975. TIAS 8162.
Ratifications deposited: El Salvador, Feb. 13, 1980; Guatemala, Apr. 29, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 50(a)] to the Convention on International Civil Aviation (TIAS 1591). Done at New York Mar. 12, 1971. Entered into force Jan. 16, 1973. TIAS 7616.
Ratification deposited: Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 56] to the Convention on International Civil Aviation (TIAS 1591). Done at Vienna July 7, 1971. Entered into force Dec. 19, 1974. TIAS 8092.
Ratifications deposited: El Salvador, Feb. 13, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 50(a)] to the Convention on International Civil Aviation (TIAS 1591). Done at Montreal Oct. 16, 1974. Entered into force Feb. 15, 1980. TIAS 9702.
Ratifications deposited: Cape Verde, Apr. 18, 1980; Senegal, Aug. 4, 1980; Panama, Aug. 28, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment to the Convention on International Civil Aviation (TIAS 1591) (to add Russian as an authentic language of the convention). Done at Montreal Sept. 30, 1977.[1]
Ratifications deposited: Greece, Oct. 23, 1980; Guatemala, May 12, 1980; Lebanon, Sept. 15, 1980; Switzerland, Mar. 4, 1980; Yemen, People's Dem. Rep. of, Jan. 9, 1980.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signatures: Bangladesh, Dec. 23, 1980; Italy, Dec. 17, 1980; Luxembourg, Dec. 29, 1980; Malawi, Mar. 17, 1981; Malaysia, Dec. 30, 1980; Mexico, Dec. 19, 1980; Sudan, May 13, 1981; Switzerland, Mar. 30, 1981; U.K., Dec. 16, 1980[2]; Zaire, Mar. 17, 1981.
Ratifications deposited: Denmark, Philippines, May 13, 1981.

Conservation
Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Ratification deposited: Australia, May 6, 1981.

Cotton
Articles of agreement of International Cotton Institute. Done at Washington Jan. 17, 1966. Entered into force Feb. 23, 1966. TIAS 5964.
Accession deposited: Argentina, May 6, 1981.

Human Rights
International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[3]
Accession deposited: Central African Republic, May 8, 1981.

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[3]
Accession deposited: Central African Republic, May 8, 1981.

Judicial Procedure
Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.
Ratification deposited: Netherlands, Apr. 28, 1981.[4]

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Oct. 17, 1974. Entered into force Apr. 1, 1978. TIAS 8606.
Acceptance deposited: El Salvador, Feb. 12, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.[1]
Acceptance deposited: St. Vincent and the Grenadines, Apr. 29, 1981.

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Acceptances deposited: Denmark, May 12, 1981; St. Vincent and the Grenadines, Apr. 29, 1981; Yugoslavia, May 15, 1981.

Patents—Microorganisms
Amendments to the regulations under the Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure. Adopted at Geneva on Jan. 20, 1981.
Entered into force: Jan. 31, 1981.

Pollution
International convention relating to intervention on the high seas in cases of oil pollution casualties, with annex. Done at

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selected regional military garrisons, and special precautions will be taken to provide security for them. They will not go on patrol or combat missions with Salvadoran forces nor will they otherwise be placed in situations where combat is likely. Although U.S. personnel are authorized to carry sidearms, they may use them only in self-defense or to protect other Americans. They will not serve as combat advisers. Instead they will train Salvadoran personnel who come to the training centers.

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[1] Taken from the Department of State publication in the GIST series, released May 1981. This outline is designed to be a quick reference aid on U.S. foreign relations. It is not intended as a comprehensive U.S. foreign policy statement. ■

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bulletin

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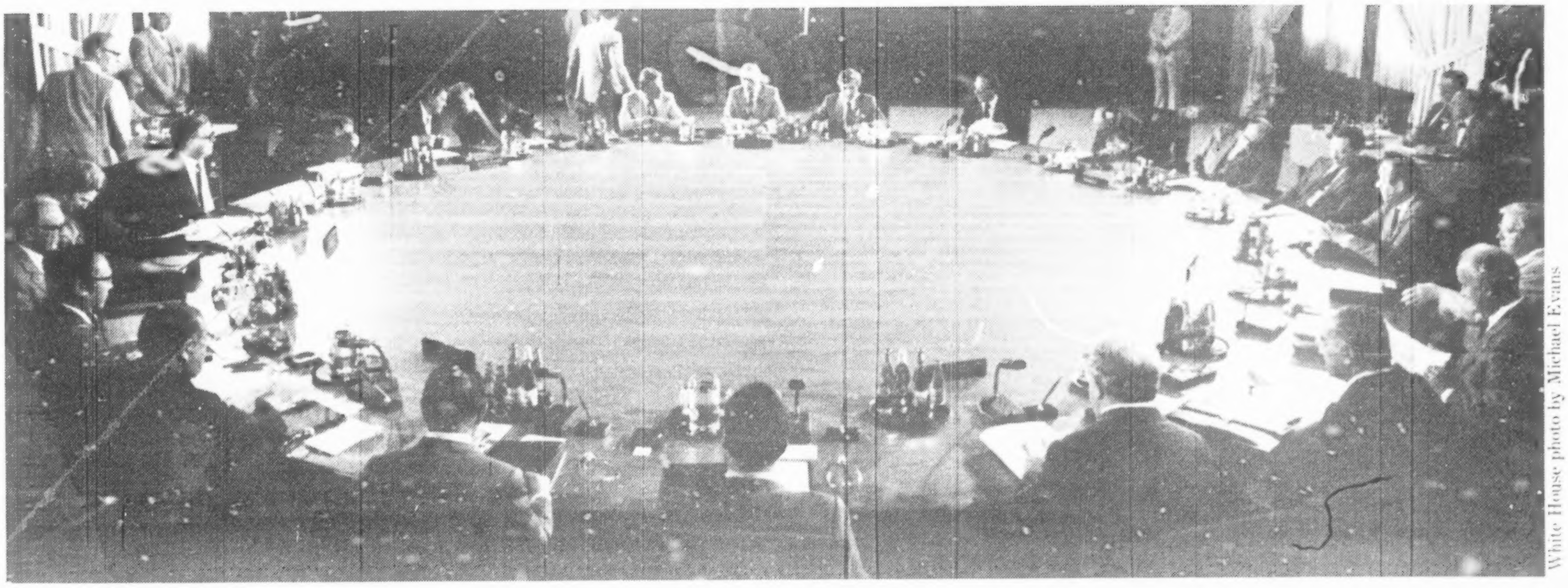

White House photo by Michael Evans

Declaration of Economic Summit

Ottawa

July 21, 1981[4]

1. We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our common objectives and our recognition of the need to take into account the effects on others of policies we pursue. We are confident in our joint determination and ability to tackle our problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world.

The Econony

2. The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3. Since the Venice Summit the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unemployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979–80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, would threaten productive investment.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change: change in expectations about growth and earnings, change in management and labor relations and practices, change in the pattern of industry, change in the direction and scale of investments and change in energy use and supply.

5. We need in most countries urgently to reduce public borrowing; where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and exchange rates; greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF [International Monetary Fund] in financing payments deficits on terms which encourage needed adjustment.

8. In shaping our long term economic policies, care should be taken to preserve the environment and the resource base of our planet.

Relations With Developing Countries

9. We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognizing the reality of our interdependence.

10. It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11. We look forward to constructive and substantive discussions with them, and believe the Cancun Summit offers an early opportunity to address our common problems anew.

12. We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13. While growth has been strong in most middle income developing countries, we are

deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced especially by the poorer among them. We remain ready to support the developing countries in the efforts they make to promote their economic and social development within the framework of their own social values and traditions. These efforts are vital to their success.

14. We are committed to maintaining substantial and, in many cases, growing levels of Official Development Assistance and will seek to increase public understanding of its importance. We will direct the major portion of our aid to poorer countries, and we will participate actively in the United Nations Conference on the Least Developed Countries.

15. We point out that the strengthening of our own economies, increasing access to our markets and removing impediments to capital flows contribute larger amounts of needed resources and technology and thereby complement official aid. The flow of private capital will be further encouraged insofar as the developing countries themselves provide assurances for the protection and security of investments.

16. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

17. We will maintain a strong commitment to the international financial institutions and work to ensure that they have, and use effectively, the financial resources for their important responsibilities.

18. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of high cost of energy imports following the two oil price shocks. We call on the surplus oil-exporting countries to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to cooperate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions.

19. We recognize the importance of accelerated food production in the developing world and of greater world food security, and the need for developing countries to pursue sound agricultural and food policies; we will examine ways to make increased resources available for these purposes. We note that the Italian Government has in mind to discuss within the European Community proposals to be put forward in close cooperation with the specialized U.N. institutions located in Rome for special action in this field primarily directed to the poorest countries.

20. We are deeply concerned about the implications of world popuation growth. Many developing countries are taking action to deal with that problem, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We recognize the importance of these issues and will place greater emphasis on international efforts in these areas.

Trade

21. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT [General Agreement on Tarriffs and Trade].

22. We will work together to strengthen this system in the interest of all trading countries, recognizing that this will involve structural adaptation to changes in the world economy.

23. We will implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

24. We will continue to resist protectionist pressures, since we recognize that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermines the dynamism of our economies but also, over time, aggravates inflation and unemployment.

25. We welcome the new initiative represented by the proposal of the Consultative Group of Eighteen that the GATT Contracting Parties convene a meeting at Ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

26. We will keep under close review the role played by our countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT.

27. We endorse efforts to reach agreement by the end of this year on reducing subsidy elements in official export credit schemes.

Energy

28. We are confident that, with perserverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

29. Recognizing that our countries are still vulnerable and energy supply remains a potential constraint to a revival of economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels.

30. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

31. Our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

32. In most of our countries progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concern about safety, health, nuclear waste management and non-proliferation. We will further our efforts in the development of advanced technologies, particularly in spent fuel management.

33. We will take steps to realize the potential for the economic production, trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment.

34. We also intend to see to it that we develop to the fullest possible extent sources of renewable energy such as solar, geothermal and biomass energy. We will work for practical achievements at the forthcoming United Nations Conference on New and Renewable Sources of Energy.

35. We look forward to improved understanding and cooperation with the oil exporting countries in the interests of the world economy.

East-West Economic Relations

36. We also reviewed the significance of East-West economic relations for our political and security interests. We recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

37. We will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the USSR.

Conclusion

38. We are convinced that our democratic, free societies are equal to the challenges we face. We will move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. We have agreed to meet again next year and have accepted the invitation of the President of the French Republic to hold this meeting in France. We intend to maintain close and continuing consultation and cooperation with each other.

initiative on the Middle East, which would have a larger role or a role for the Palestinians. A year has passed and nothing appears to have happened on that initiative, and it did not appear to have come up during this summit. Is there some understanding between you and the Europeans that they will hold back until the United States has had a full run at the Camp David process?

Secretary Haig. Not in the context of your question. I think it's important to remember that there have been a number of events over the past year which have had a somewhat slowing effect on the Camp David peace process, which is the process underway—elections here in the United States, elections in Israel, and, I think, a *de facto* consensus by all who are concerned that until these political events were behind us it would difficult to achieve progress, although some progress has been achieved—specifically the Sinai peacekeeping force arrangements that were initialed a week ago which would lead to the withdrawal of Israeli forces from the Sinai by May of next year. I would anticipate, following the meetings of the Prime Ministers to Washington, some further movement in the autonomy talks.

In the meantime, our European partners have been engaged in an essentially fact-finding process which ran well into last spring. That is what the European initiative thus far has amounted to and I think even the so-called European initiative is a misnomer. Our European partners are fully cognizant of the pace and direction of U.S. efforts and especially those recent efforts that have been taking place over the last month or so associated with the crisis in Lebanon. There were free, full, and very, very extensive exchanges between both the foreign ministers and the heads of state and government on the current situation. I had an opportunity to talk in detail to the foreign ministers about longer term aspects of the peace process.

Q. Did you bring up the Sinai multinational force with any of these European allies, and did any of them suggest that they will be able or would be willing to contribute troops to it?

Secretary Haig. Clearly that's a very sensitive question because we do not want to get a checklist of who's been asked and whom we've discussed until we have put the force together. But I can answer it to the extent that I would suggest to you, yes, there were some such discussions along those lines.

Q. If you have now had official word about the qualified acceptance by Prime Minister Begin, reported earlier of the attempt at a cease-fire by Ambassador Habib, how do you evaluate it and how far does it go toward meeting what the United States was hoping would happen, and, finally, what contribution would that make toward a decision to resume the delivery of F-16 planes to Israel?

Secretary Haig. As you know, Ambassador Habib has had several meetings with Prime Minister Begin and awaited the third meeting that he had on this round until the completion of a very lengthy cabinet meeting by the Government of Israel. Following that meeting, the Government of Israel authorized, or at least concurred in, Ambassador Habib's travel tomorrow morning to Lebanon where he will attempt to negotiate a calming of the situation and a return to normalcy.

I think that is a positive response from the Israeli Government and, therefore, we continue to have hope that Ambassador Habib is going to be able to put together a quieting framework or a situation that will enable us to achieve at least a temporary peace or a cease-fire, if you care to use that term. And that process will continue.

. . . our West European partners welcome what they, to me, have referred to as an American awakening . . .

What it will mean with respect to the second part of your question remains to be seen. Clearly we have seen some improvement in the military situation over the last 24 hours. There's been a very, very perceptible drop in the shellings across both sides of the border and some very limited air attack activities, as I understand it, over the last 24 hours.

Q. In their final statements, several of the leaders—President Mitterrand, Chancellor Schmidt, among others—were still complaining, it seemed to me, about high interest rates. I wonder if you have any comment on that and also whether or not you would have anything to say about Chancellor Schmidt's suggestion that when he goes back home to Bonn, he was going to have to take new measures to respond to the fact that, unhappily or unfortunately, he said, interest rates are going to stay high for some additional time.

Secretary Regan. I don't think that anyone is happy about high rates of interest. I would suggest that not only are the heads of state unhappy about it but the finance ministers are, including the head of state of the United States and the finance minister of the United States. No one likes high interest rates. We are trying, however, to get inflation down. I know of no economist in the world who can suggest a way to have high inflation and low rates of interest. Accordingly, after we got through explaining this to them and asking for suggestions if there were any from our friends who were here at the summit, they all agreed we should stick to what we're doing.

But I think that one of the better remarks was made by the head of the EEC [European Economic Community] as he was leaving and said goodbye to me. He said: "Hurry it up, will you? We can't wait too long." And I think that's the attitude that everyone has. If we would just get inflation down as quickly as possible and, therefore, interest rates down, they would be very happy.

As far as Chancellor Schmidt is concerned and what he is going to have to tell his people upon his return, each leader has to solve his own economic problems in his own way. We can offer sympathy but certainly no advice on how to handle his situation. None of us, I repeat myself, want this condition. We inherited it, and we're doing our best to overcome it.

Q. Did Chancellor Schmidt indicate in his session with you just what sort of measures he has in mind?

Secretary Regan. I got the impression, but with no definitiveness, that it would be along the budgetary lines.

Q. You mean tighter budget measures?

Secretary Regan. Yes.

Q. There were many questions here about President Reagan's ability to explain his foreign policy to the allied leaders and how much support he would get for that here. How successful was he? Is there more support today for America's foreign policy aims than there was before he came here?

Secretary Haig. First let me suggest and let me assure you, now, the President has seen, of course, Mrs. Thatcher and Chancellor Schmidt. He had not met President Mitterrand or Prime Minister Spadolini. He had met Prime Minister Suzuki and, of course, Prime Minister Trudeau, whom he had met on two occasions.

In answering your question, I don't want to accept its premise. I can assure you that our partners who are here at this conference have never had any question about America's foreign policy or the President's ability to articulate it. Precisely the opposite. In my meetings in Asia at ASEAN [Association of South East Asian Nations], where I met with the Japanese Foreign Minister and in my discussions with the Japanese Foreign Minister on Monday, again, this week. There was clear and unusual acclaim for President Reagan's foreign policy, his articulation of it, and their understanding of it. It came up this morning at breakfast, as a matter of fact, with the Prime Minister. That is also true, clearly, with Mrs. Thatcher and Chancellor Schmidt and in the case of the new Italian Prime Minister and the new French President. This was their first opportunity, and I must tell you, anyone observing President Reagan's performance, personal performance, at this summit, could not but leave with a deep sense of respect and admiration for his grasp of the substantive issues discussed. I'm not an economist but I know that my colleague here will say that there are few men, few leaders in the Western world today, who have a clearer picture of where he wants to go and how he wants to get there in our economic affairs, both domestic and international.

But secondly, he also reflected a very clear grasp from start to finish of the interrelationship, if you will, and the complexity of the political, economic, and security nexus which [inaudible] of all of our nations which share common values.

Thirdly, I think as an observer and on a personal observation basis, the man's ability to deal in moments of stress and tension where there are clearly potential disagreements around the table, to bring himself above those petty bureaucratic squabbles, and to set a tone which leads all participants to focus on the importance of solidarity and unity and commonness of purpose was an outstanding demonstration of our President's qualities. I don't think any of the leaders who sat down with him over there last 2 days left that experience without a profound sense of respect for the President's performance here.

The United States has probably been the least effective in increased levels of spending of all the NATO countries . . .

Q. Before the summit began it was considered that some of the European allies thought the President's policies toward the Soviet Union were too tough. Do you regard what happened here, and primarily and specifically the tying of trade to security and political issues, as an endorsement of the American policy toward the Soviet Union?

Secretary Haig. Again, I want to be sure and emphasize my own assessment of what sometimes appears to be differences in atmospherics in the transatlantic sense, and I've had some experience in that over the last 7 years. Surely, some of the American initial rhetoric, which was such a sharp departure in a dialectic sense from previous policies of the American government, came as a different style and a different approach. In some instances, it raised concerns, especially associated with the tensions in Poland and the aftermath of Afghanistan and the great European concern about the need to get on with the task of arms control negotiations.

But let me also assure you that our West European partners welcome what they, to me, have referred to as an American awakening—an awakening which recognizes that America has a leadership role to play in this decade of the 1980s and that we had not been playing it very well in the decade of the 1970s. They are all enjoying somewhat of a sigh of relief that the American people are willing once again to pick up the burdens of international leadership in a modified way which gives greater weight to the views of our partners and which is structured on largely enhanced consultation of the kind we have just finished here.

I think the answer to your question is if you read the political summary—the chairman's summary—put out yesterday, I think you will find that it is replete with the affirmation of the kind of statements this Administration has been making and which President Reagan has been making since he arrived in Washington. I don't call that the consequence of a selling job because that's not what it was but, rather, a convergence of views among the member states, which are all threatened by the dangerous international situation we face today.

Q. On the Middle East situation: from your comments that the situation seemed to be at least temporarily a bit better, is there some U.S. understanding in any form with the Palestinians and the Israelis that they would at least slow down their conflict at this point and, secondly, how could Ambassador Habib hope to proceed all the way to a solution if he's dealing with the Lebanese officials who may not have that much influence with the Palestinians?

Secretary Haig. I think, first, there is clearly some kind of an understanding with the Government of Israel. Ambassador Habib will go to Lebanon and talk with the internal parties there, and especially President Sarkis. I don't think anyone has to play any games that there are a number of channels of communication to the Palestinian guerrillas who have been operating along the border of northern Israel. There have already been some assurances, as I understand, some that were generated by the United have as to when he goes back and what happens from here on, but that's about all I can say about it.

Q. The President is not on record yet with his views of the French Government. What did he tell you today?

A. I can't tell you what I discussed, what the President said in various words. The position of the United States is stated on the French situation. Are you referring to the make-up of their cabinet?

Q. Yes.

A. We have expressed ourselves on that, and the views expressed by the State Department reflect the President's views, so that's all I can say. But he's not hyping that. There are so many other areas of common grounds with France, and we're not talking about this one thing. What we should also focus on is the fact that President Mitterrand has made some statements in the area of foreign policy that we very much support and taken positions that the United States very much supports. I think we have a tendency to take a point of possible difference and highlight it, and that overshadows the common ground.

The relations with France are extremely important to us and they're fundamental and they are deep and they're strong, and those are the points I want to make here—not just to emphasize the points of difference.

Q. Are you convinced that Britain is going to live up to their commitment to NATO with the 3% increase [in military spending] in real terms each year?

A. So far we're quite encouraged about that, and the British have certainly stated very recently their intentions to do that. France itself, without details of percentages, I think, has a very realistic view of the problems that the free world faces—the Soviet Union. And I'm heartened. If you look at what President Mitterrand said in his campaign, I think he's quite realistic about Soviet intentions.

Q. Did you discuss with President Mitterrand the access of secret NATO information—Communist members of his government? You didn't ask for any—

A. No, I did not discuss that.

Q. There were reports in Washington that the U.S. Government was reassured that those defense secrets would be—

A. I'm not going to go into those kinds of details. I can't see any usefulness to expand on what we've said and I'm just not going to go into it further.

Clearly, the United States is not pro-Communist, and I believe that President Mitterrand in France is not pro-Communist. But what you get into beyond that—I mean, if you see a communist government in NATO, which we don't have in France, that would cause us tremendous concern. Our expression of concern relates to eventualities beyond where France stands right now.

Q. Did you receive any reassurances from President Mitterrand that he would not tell any NATO secrets to these Communists?

A. I feel very strongly that President Mitterrand is quite realistic about the Communist Party, which he's been running against for a long, long time.

Q. Mr. Cheysson has just recently indicated that France is going to rebuild the Iraqi reactor. Was that a subject of your talks with him?

A. No. That didn't come up, and I'm not familiar with that position.

Q. Would that be a matter of concern?

A. No.

Q. From time to time we hear of repressions in the Philippine Government, in a sort of pictorial manner at times about President Marcos. Are you going to discuss this with him in any way?

A. I don't know whether we'll even have bilateral discussions with the President. This is a very ceremonial occasion, but we want better relations with the Philippines.

We noticed quite hearteningly, that they have removed martial law, they've had elections, and when we have human rights differences with countries, we'll, I think, feel free to at least express the position of the United States. But I think you're going to see that done much more quietly than it's been done in the past. We believe that that's the way to affect change, maybe not beating our breast about it out there in public, but the President feels strongly that the way to affect change is to make forceful representations—to sometimes do it quietly. But I would think this would not be the case for that.

Q. Can we take your trip to mean that the Reagan Administration fully approves the way Marcos' government is handling things now?

A. Let me tell you what to take that trip to mean—that we want to improve relations with the Philippines, that we have historically good and strong relations with the Philippines. It's gone through some ups and downs, and it's our intention to demonstrate from this that we do want better relations with them—that we view them as a very important friend in the Pacific, and we need more friends in the Pacific. That's the way I view it.

Q. When you were in London, did you discuss with Mrs. Thatcher the Thatcher government announcement about major restructuring of the British Navy—that is, diverting money from conventional ships to Trident submarines? And what's your view on that that you brought back?

A. Not with her, but I did discuss that. I had an additional meeting with Mrs. Thatcher, meetings with [Foreign Secretary] Peter Carrington, and then I saw Mr. Nott, Defense Minister and others in the British Government at a luncheon. But, generally, we're pleased that they're keeping their commitment. But this is a matter how—what forces are—they aren't able to do as much with. That's a matter that has been discussed with the Defense Department between their Defense Minister Nott and [U.S. Defense Secretary] Cap Weinberger. I really think he'd be better qualified. We didn't go into that much detail on it.

Q. Is it the American intention to take up the slack which will be created by the diversion of funds for British Trident?

A. No, we didn't go into that kind of detail at all in the subject of defense. It was more very broad brush on that. We didn't go into that.

Q. There's still some comments about lack of foreign policy in the Reagan Administration while you were gone. Did you find comments abroad in terms of wanting some definition of some announcement, some findings of where the Reagan Administration stands?

A. No, not on a question of whether there's any foreign policy. But there were plenty of questions about different areas of the world—what the

President's view was on them, which I think you'd expect in any foreign visit. But I didn't find the suggestion that there was no foreign policy.

Q. Were they unclear where the Administration's values were?

A. Perhaps they're more clear now.

Q. Why?

A. Because I answered a lot of questions. Just like I wish everybody here might be, but I don't know.

Q. What do you think the Secretary of State meant when he said the other day that our relations with the People's Republic of China has been steadily on the decline for the past 3 years?

A. I've not talked to him. And I think what he was talking about is that—I know from my own experience in China—they have been concerned in the past, and I'm not here to condemn our predecessors or anything like that, by what they have felt has been an unrealistic assessment of Soviet intentions. And so perhaps it was that area that the Secretary was addressing himself. I've not talked to Al on that since I've come back here.

Q. Did the President talk about the Haig trip at all? There's been some question about their meeting the other day.

A. We talked about the trip, yes.

Q. Did the President feel that it was a triumph when he talked about it?

A. We didn't talk about winning and losing, but I think he feels it was a successful visit, yes.

Q. Could you elaborate on what you said about the meeting in the Philippines—those specific questions that you want to take up?

A. No, but those people will be there and what we're doing is setting up a bilateral with them. I mean, the Secretary covered a lot of ground in the ASEAN [Association of South East Asian Nations] meeting. But I am one who firmly believes that the United States has a very useful role to play in the Pacific. I also believe the more high-level contact we have with these countries, particularly those that I named, the more useful it can be. I think they'll be interested in exchanging views on what's happening in Europe and other places. There's no set agenda if that's your question. I think it will be a wide discussion of interests of common concern.

Q. Do you think that we should arm China against Russia?

A. My view is you don't play the China card. I think there's a demeaning concept in that in terms of our relations with the People's Republic of China, our relations with the Soviet Union, and anybody else. We're not playing a card—do something to make somebody else do something different. That's not the foreign policy of President Reagan as I understand it, and I don't believe that is what is involved. I think the Secretary of State's discussion on that matter—that this was a natural evolution as relations develop—is a very clear explanation of what it is we're trying to do.■

Visit to the Philippines

Vice President Bush departed the United States June 27, 1981, to head the U.S. delegation to the inauguration of President Ferdinand Marcos of the Philippines. He was in Manila June 29–July 1 and returned to Washington June 3.

Following are the Vice President's arrival statement, his luncheon toast, and his statement to the press after the luncheon with President Marcos.

ARRIVAL STATEMENT, MANILA, JUNE 29, 1981

I want to express my pleasure and that of our entire delegation at being here in the Philippines, your wonderful country, to represent the United States at the inauguration of President Marcos.

For me and other members of the delegation, I can say that it is a real honor and it is a pleasure to be here, and we are made doubly welcome by having Mrs. Marcos, the first lady, and my good and dear personal friend, Foreign Minister Carlos Romulo, here to greet us. You honor us; you both honor us.

Our two peoples have much in common. We share deep and longstanding ties and affection for each other, and our mutual esteem and friendship have remained firm over the years. We both aspire to peace and prosperity for mankind—aspirations that President Eisenhower reflected when he summarized the basic message of Jose Rizal, the Philippine national hero whose monument I plan to visit today. He expressed that message in these words: "Filipinos, Americans, forever strengthen your brotherhood. Forever grow together in knowledge; in wisdom; in your faith as a people of God . . . for all peoples' good and His glory."

For more than three decades we have worked together fruitfully and harmoniously to enhance the security of both our countries, and I know we can count on each other to continue to do so. You may also be assured that we respect the important work that the Philippines is doing with its fellow members in the Association of South East Asian Nations (ASEAN) in enhancing peaceful cooperation in the region and in speeding its economic development.

For any American a visit to the Philippines has a special significance. We are always aware of the great courage, dedication, and sacrifices of the Philippine people who have done more than their share in facing aggression whenever it threatened freedom. You have stood shoulder to shoulder with us in peace and war, and we can never, never forget that. It is a particular honor for me to be here as a representative of my country to participate in the inauguration of your President. I look forward to my stay here and to the opportunity to meet with President Marcos, members of the government, and the Philippine people.

LUNCHEON TOAST, MANILA, JUNE 30, 1981

I am delighted to be here representing our President. We feel the same kind of proximity that you very generously talked about in your toast. And you, rhetorically, asked why do we stand and have stood traditionally close to the United States, and you very generously recounted some of the principles that our country feels so strongly about.

suggest there were not any active discussions of that here. There was not nor are we contemplating what I think your question is driving toward and if it were, I wouldn't say it.

Q. Is it correct to say from what you said about removing the munitions list controls that the United States has agreed in principle to sell arms to China but that the details of what it will sell will be determined on a case-by-case basis? Is that the upshot of it?

A. Yes, but you know that's not that dramatic a change in the context of the past, and in the past we did make available certain dual-capable systems—aircraft and what have you, trucks and other things. Now we have agreed to consider a much broader range of requests on a case-by-case basis, and, as I say, we would anticipate that that would evolve in a steady measured way.

Q. This would include not just equipment but actual arms?

A. It might. It might indeed, and such requests would be considered.

Q. At who's initiative is this being done—considering arms on a case-by-case basis? Did you come here proposing this to the Chinese or did they say they would like the United States to—

A. No, no. I think you will recall we discussed this in Washington. This is a decision that has been approved by the President, recognizing, of course, that case-by-case issues will have to be coordinated with the appropriate Members of Congress.

Q. In addition to talking about possible defense sales exchange, training of members of the Chinese defense establishment in the United States or by U.S. military personnel or any other planned exchange?

A. No, but that doesn't foreclose the possibility of this topic coming up in the future. Should the Chinese indicate that they would be interested, we would be willing to consider it.

ARRIVAL STATEMENT, MANILA, JUNE 17, 1981[4]

I want to express the great pleasure of Mrs. Haig and myself to be here in Manila for this ASEAN dialogue. My presence here, I think, confirms unequivocally the great level of support that the United States has for this regional grouping and the importance the United States attaches to the bilateral relationships it maintains with each of the member nations of ASEAN.

ASEAN has become an international symbol of the great accomplishments of peaceful cooperation here in Southeast Asia, and this dialogue here in Manila once again underlines its fundamental importance. During the next few days, I would hope to use my time here to indulge in consulations with the ASEAN member foreign ministers, with the other dialogue participants and observers, and to conduct these consultations in a range of focus that will include global issues, important regional security issues, and, of course, the equally important bilateral relationships between the United States and each of the governments.

In particular, I think, this conference will focus on the dangerous activities of Vietnam with the encouragement and with the support of the Soviet Union, and specifically the U.N. international conference scheduled for July which I hope to participate in myself. I will seek to enrich myself with the views of the foreign ministers of the ASEAN organization in preparation for that meeting.

Finally, it is a wonderful pleasure for my wife Pat and I to return to Manila—to the Philippines, a nation with which the United States has enjoyed historic relationships, characterized by mutual trust and friendship. I look forward, of course, to the honor and opportunity of visiting once again with President Marcos and also for the opportunity to hold discussions with this year's chairman of the dialogue, a distinguished international leader who has become a legend in his own time, Gen. Romulo [Philippine Foreign Minister].

DINNER TOAST, MANILA, JUNE 19, 1981[5]

It is my privilege, on behalf of the distinguished representatives here, to respond, and I want you to know that our distinguished Foreign Minister of the Philippines is a very naughty man. I also want you to know that I'm going to keep my remarks very brief because I don't want to cut into his slumber time. As a matter of fact, "His Madame Khomeini" told me that ASEAN had three golden rules for responses—that is a snappy beginning; rule two, get a snappy ending; and rule three, the most important of all, is keep the two as close together as possible.

But I'm going to tell you a story about generals, especially the worst kind—retired generals. You know, when I retired from NATO and went looking for work in the American industrial scene, I was fingering through the want ads and I found an ad that said: Brain transplants. And I read the number and I called this New York number and sure enough a foreign-speaking medical expert got on and he said: "Yes, you called the right number, I do brain transplants." And he said: "I'm glad you called today. I have a special this week." And I said: "What do you mean?" He said: "Well, I have an exbureaucrat's brain for $10,000." He said: "I have a retired foreign minister's brain—$15,000!" He said: "I have a retired defense minister's brain—$20,000." He said: "But I have a real special. I have a retired general's brain—$30,000." I said: "My God, why is the general's brain so expensive?" He said: "It's simple, it's like brand new—it's never been used before."

I can assure you that Gen. Romulo's brain is like brand new, and he has proved it time after time during this conference. Indeed, I think I'm the third consecutive Secretary of State from the United States to participate in the dialogue. And I know my predecessors and myself leave the experience with a great sense of admiration and awe for the dynamic character of this ASEAN association spawned clearly from the initiative of nations in the region itself—spawned out of a sense of purpose and dedication, which has enabled it, in its short life, to overcome the differences of background, customs, and perspective; to develop a unity of purpose and action which is unique, perhaps in all the world.

Our discussions over this period have focused first and foremost, of course, on the development and well-being of the peoples of the region—commercial, trade, and, to some degree indirectly, security. And, indeed, the flexible character of this association has enabled it to shift that focus when necessary to immediate threats to the well-being and security of the region, as it has done with respect to the interventions in Kampuchea and the concerted effort to deal effectively with that intervention.

But I think one thing which impressed me more than anything else in my participation in the dialogue—and there are many things to be impressed about—the skill and great dedication of the foreign ministers of the member five governments—but perhaps more importantly, there was a common thread, and that common thread was interest in the welfare of the common man in the region. Perhaps the words of that great free world leader—Winston Churchill—enunciated some four decades ago, best capture the essence of the challenge facing all free men today. And it was the words that suggested that this is the age of the common man, that unfortunately, Churchill stated: "It is this age that has witnessed more common men destroy more common men with greater efficiency than at any other five centuries in the history of mankind."

And so it is the purpose of ASEAN, those who participate in the dialogue of this association, to dedicate ourselves to the good and the welfare of the common man of all of our nations and to dedicate yourselves to the proposition that our labors, our concerted efforts, our commonality of purpose in thought and action would be to insure that we do not leave a more frightened legacy in this nuclear age to our children and their children. And that is the purpose of our talk, and it is in that spirit that I would like to ask all here assembled to join me in a toast, first to the Philippine nation and the Philippine people who have made our stay here this week so enjoyable and so productive in substantive terms; to our host, the distinguished Foreign Minister of the Philippines and his wife, Gen. Romulo and Mrs. Romulo; to this dynamic and admirable ASEAN association and all members of the dialogue; and, above all, to the good of common free men everywhere—to the common man.

STATEMENT TO ASEAN MINISTERS, MANILA, JUNE 20, 1981

ASEAN is a unique organization—bringing together five great nations, each having achieved a different state of development. This rich diversity is but one example of why categories such as the "Third World" are misleading as a guide to policy. The U.S. approach toward the developing world seeks to be flexible, recognizing both regional and national differences. And yet, as with any policy, we are guided by principles and beliefs which provide the overall direction for our policy.

I would like to discuss two broad aspects of our policy and how these two principles help shape our relations with ASEAN.

First, the United States remains deeply committed to and concerned with the development process. We understand that historical change may be desirable as it is inevitable, and we in the industrialized free market economies believe that we have something to offer to this process of historical change. We see a shift occurring—away from the Soviet Union, which offers only arms, a pervasive presence, and, in areas of strategic interest, a client-state relationship. We find that the Soviets are most welcome where there is conflict, and we know, as do you, that development and national growth are the first victims of conflict. On the other hand, the free market model offers trade, credits, technology, medicine, and the political buildingblocks of modern society. And its adoption brings participation in an international marketplace where performance determines rewards.

However, this growing momentum toward the free market system and away from the Soviet Union can only flourish in an environment of peace and security. And this is the second aspect of our policy—that security and development are intimately related and that we are equally committed to both. The economic and political growth that accompany the development process cannot occur in an environment characterized by violence, bloodshed, and so-called wars of national liberation. Because we are concerned with development and because we have seen so much progress, we cannot sit idly by and permit the Soviet Union and its proxies actively to undermine and threaten the prospects for development. The United States, under President Reagan, is determined to challenge blatant illegal Soviet interventionism wherever it occurs. Because these actions by the Soviets or their proxies remain the greatest threat to international peace, they are simultaneously the greatest obstacle to the development of free societies. And in this very region, the threat to the progress of free societies grows increasingly serious.

For the people of Vietnam, Laos, and Kampuchea, the past 6 years have meant no progress but stark tragedy and misery. The Communist rulers of a supposedly unified Vietnam have failed

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New Initiatives on Afghanistan and Kumpuchea

SECRETARY'S STATEMENT, JUNE 30, 1981[1]

I wish to underline the profound importance and promise of two new diplomatic initiatives. Today the European Community announced a fresh attempt to open the way to a political solution of the problem of Afghanistan—proposing a major international conference for this fall. On July 13th, a U.N. conference opens in New York to try to resolve the problem of Kampuchea.

These two issues are at the very heart of the increase in international tension in recent years. The combination of Vietnam's invasion of Kampuchea in 1978 and the Soviet Union's invasion of Afghanistan in 1979 created a strong reaction on the part of the vast majority of members of the United Nations. The continuing occupation and conflict in these countries represent a major threat to security in key regions. The vast number of refugees reflects the terrible human costs. And both conflicts are a major barrier to the development of a more constructive East-West relationship.

Let there be no doubt about where we stand. The Afghan and Kampuchean people must control their own destiny. The purpose of negotiation is not to impose a solution from outside as the Vietnamese and Soviets have attempted to do by force of arms. Rather we seek to achieve the full withdrawal of Soviet and Vietnamese forces, to eliminate outside intervention, and to restore the nonaligned and neutral status of these two countries.

This serves the genuine security interests of all parties, including the Soviet Union and Vietnam, and is the only way to assure the long-range stability of these troubled regions.

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[1] Read to news correspondents on the Secretary's behalf by Department spokesman Dean Fischer. ■

being economically strong and, therefore, an effective ANZUS partner. What is the reaction of the United States to this proposition?

Secretary Haig. We are, of course, acutely conscious of New Zealand's requirements for the American market. I do not foresee for the remainder of this year any change in the current levels, but this remains a matter of focus for the most intimate of consultations and discussions. We are going to continue that under that framework, recognizing that in the past there have been occasions where it's been less than productive from the New Zealand point of view. But we have very, very broad discussions and detailed discussions on the multilateral aspects of trade in the agricultural—and particularly in the meat—area, and we are hopeful that we are going to be able to concert together to achieve further progress.

Q. Referring to page 2 of your communique. You refer to the safeguards. [Inaudible] United States and Australia are already taking some unilateral action in that area. Would you see a place for increased New Zealand participation in that area, particularly the Indian Ocean, bearing in mind we have troops in Singapore, of course?

Secretary Haig. Frankly I think we do not anticipate that in the context of your question. We are very, very grateful for the contributions that New Zealand has made and continues to make in the southern Pacific—the maritime and the air and ground force contributions—and the presence of the battalion in Singapore. But no, the answer to your question would be that we did not address nor do we contemplate addressing that aspect of the question.

Q. The communique is rather sharp on Soviet intervention in Afghanistan and warns about Poland. But on Kampuchea it really doesn't even mention the Vietnam aggression there. Is that because you are trying to persuade them to come to the United Nations?

Foreign Minister Talboys. No. There is agreement amongst us as far as our concern with the Vietnamese presence in Kampuchea, and as I said earlier what we seek to do is assist ASEAN in formulating a political solution which will, we hope, lead to the withdrawal of the Vietnamese forces from Kampuchea.

Q. Can you give us some indication of your thinking on the structure of the Sinai force, specifically what role you would like Australia and New Zealand to play?

Secretary Haig. I think I'd prefer to not go into further detail on this because we are in the process of discussing potential contributions from a number of donors. Suffice to say that it is a very limited one, but a very important one that we had in mind for possible contributions by New Zealand and Australia, and I say limited in terms of size and specialized in terms of role. But to go beyond that today I think it would be premature until we have gotten somewhat greater clarification on the overall structure we're going to be able to put together.

Q. Was there any discussion on possible U.S. military hardware sales to Australia and New Zealand?

Secretary Haig. Not in the formal context of our discussions, no, no.

Foreign Minister Street. As it is well-known, Australia is considering at the moment the replacement of the Mirage by another tactical fighter. The choice is between two American aircraft. That wasn't discussed, but it is in the context of the current defense considerations. But it wasn't discussed in the conference.

Q. [Inaudible] Sinai peacekeeping force. I wonder if you might be able to give us a date or a deadline by which time the United States on behalf of Egypt and Israel [inaudible]?

Secretary Haig. I would say it's in the very near future and that we are hoping to have the overall agreement completed perhaps as early as the end of the month but certainly before the end of the month.

Q. On your reservations about the Sinai, which of them were dispelled by what you have heard from the Secretary?

Foreign Minister Talboys. [Laughter] We've been given some useful information by the Secretary of State about attitudes toward the force that will certainly be taken into consideration as we discuss it in cabinet.

Q. Whose attitudes?

Foreign Minister Talboys. The attitudes in the region.

Foreign Minister Street. If I could add our point of view on that, the sort of concerns that we have have been made public by us, quite deliberately, because we wish to stimulate a public debate on this. It would be very unusual for Australia to participate in a non-U.N. force, and, therefore, we wished a wide debate to take place and the reservations that we have had are, therefore, well-known and public, and, we show the clarification that we sought. This process is still going on and we have said that we would not, even though we haven't received a formal request as the Secretary of State said, we wouldn't be in a position to make any decision until we had all the relevant information. We have had some further information over the last couple of days which will add to that which we already have and which we still have to get, depending on conclusions of the agreements for us to take into consideration.

Q. Shall I interpret that to mean that none of the reservations have been dispelled, or did you hear something like which did help alleviate your reservations?

Foreign Minister Street. No, you can't read that into your interpretation at all. We have received further information which will be useful to us in coming to a decision should a formal request be made to us.

Q. Regarding Vietnam, Mr. Talboys has emphasized a couple of times your support in ASEAN in trying to solve the problem, but could you tell me how you feel about the policy of political isolation and cutting back on any kind of economic interchange with Vietnam. Meantime, if you would like to comment on the policy toward Vietnam, we'd like to hear that.

Foreign Minister Talboys. At the present time what those concerned are seeking to do is to apply pressure to Vietnam—political and economic and military pressures—and at the same time work out with ASEAN a political solution in the hope that the pressures and the nature of the solution will help to persuade Vietnam to move.

Foreign Minister Street. We agree completely with what Mr. Talboys has said. We have ceased bilateral aid to Vietnam because we believe that their invasion of a neighboring country was such as to warrant the cutting off of Australian aid and as an indication that that sort of international behavior was unacceptable to us, and until there is some movement along the lines that Mr. Talboys has suggested—some indication of movement toward a political settlement—that would remain our attitude, but we would wish to be associated, as Mr. Talboys has indicated, with these efforts to reach a political settlement.

Q. In the context of Mr. Talboys' last answer, which of those concerned are applying military pressure on Vietnam?

Foreign Minister Talboys. There is military pressure being applied by Kampuchea. And, of course, what ASEAN is seeking to assist Kampucheans to bring is a united front to bring together those forces opposing the Vietnamese presence in Kampuchea.

Q. This aid-to-Kampuchea clause does seem rather mild and is, in fact, a lot milder than things you said earlier on in this visit—earlier in your tour about Vietnam. Was that clause deleted because of concerns expressed by Australia and New Zealand?

Secretary Haig. No, I think we are totally consistent on the approach under the ASEAN initiative and the U.N. conference, which will take place in July which seeks a political settlement, as Mr. Talboys has reiterated. That does not change the value judgment of the implications and the character of the Vietnamese intervention in Kampuchea. What we are talking about here is an initiative, multilateral and, hopefully, one which can be extensively and broadly supported which is designed to achieve a political settlement. And while I accept the thrust of your question, I think it doesn't change the character of the value judgment of the United States that I have made with respect to Vietnamese intervention. Both are serving a different purpose in effect. One is a value judgment, the other is a political effort to achieve a settlement.

Q. Are there any reservations about the U.S. decision to sell arms to China—the decision in principal?

Foreign Minister Talboys. I think that before I answer that question, I think one should give Secretary Haig an opportunity to indicate what precisely the position is so that then you can ask the question in a different way.

Secretary Haig. That question came from an individual who's heard that position repeatedly, and it is that there has been no decision to sell arms to the People's Republic of China but rather a decision to change the category in which the People's Republic has been carried in the American bureaucracy, which will enable them to request, as any other nonaligned, friendly government, specific assistance if they decide to do so, in which case we will assess that, we will weigh it, we will consult with allies, we will consult with the American Congress, and a decision will be forthcoming.

Foreign Minister Talboys. All I can add to that is that I've heard the Secretary of State make that statement, I'm not sure how many times, but still he gets the same question that you asked originally and the fact is, as he has pointed out that no decision has been made, there is no request at this time, so there is no decision that we can agree with or disagree with.

Q. With respect to the position that you have just enunciated—the change in category, the clearing of the way to make arms sales possible if there is a request—what is your reaction to that?

Foreign Minister Talboys. I'm happy with that.

Foreign Minister Street. The new Administration has made it clear from the outset about its willingness to consult on issues of major concern to them, with its friends and like-minded countries, and we welcome the reference to consultation which the Secretary of State had made, should a request ever come and before a decision is made. I think it's a good example, a good manifestation, if you like, of the willingness to consult which we welcome from the new Administration.

Q. Would it be correct to state that the U.S. Government's position that you would like ANZUS and ASEAN to look more toward the Indian Ocean and have you had any success in persuading the Australian and New Zealand Governments of the necessity for that?

Secretary Haig. I think the context of your question is not exactly consistent with the discussions we have had here. We feel that the contributions made today by both Australia and New Zealand are indispensable. We welcome them, and we are grateful for them. We have also, in the case of Australia, been very pleased that unilaterally they have, from time to time, increased their presence in the Indian Ocean, and that's been a unilateral decision based on, I'm sure, unilateral concerns. We have also rather substantially increased our presence in that critical and dynamic area. We are clearly cognizant of each other's posture in that regard, and for the United States, I can say we are very, very comfortable with what Australia has done.

Q. My question concerns the command structure of the proposed peacekeeping force in the Sinai. Would you want to see such a force under the command of Australia and New Zealand, having in mind that that would tend to allay any criticism that the United States had some sinister motive in establishing a force in a forward position in the Middle East?

Secretary Haig. Let me answer your question to the degree that I would say the United States is not interested in commanding the peacekeeping force. As a matter of fact, the United States, in the initial negotiations with respect to that force, preferred not to participate at all. But in order to bring the two parties together—and this was really one of the crucial aspects of the tripartite discussions—it was necessary for the United States to agree to participate in very definite and somewhat restricted way. We do not visualize nor do we seek American command of the force—precisely the opposite for perhaps not only the reasons you mention but others of even broader character.

Q. Did you agree with that [inaudible]?

Secretary Haig. I think that question is premature as to who should do it, and that would clearly be something that would be decided only after the final character and contributors—

Q. That's just a couple of hurdles. Let's assume that Australia and New Zealand come in—

Secretary Haig. That's a premature thing to do because, clearly, it's not a question that would give us any problem. We are openminded on who should command the force, with the single exception that we do not seek to on the U.S. side.

Q. The Labor Party policy here is to ban nuclear ships of whatever country from our ports. In your discussions with Mr. Rowling [William "Bill" Rowling, leader of the opposition party] yesterday, did you need to canvass that point, from the American point of view if your warships or

But let me make it quite clear that we do not choose nor have we any mandate to be the policeman of Africa. No nation has such a mandate. Our preferred choice is to foster and help implement, where we can, diplomatic solutions to Africa's conflicts. In southern Africa as in the Horn of Africa, we seek a reduction of regional tensions. Those who characterize this Administration's goals differently are, simply put, wrong. We are committed to playing our proper role in creating a context for successful negotiations leading to internationally recognized independence for Namibia. We believe it is the task of the Western world to encourage purposeful, evolutionary change in South Africa toward a nonracial society. And we believe that all those who share our opposition to foreign intervention on African soil will acknowledge the need to find means to remove any pretexts for the presence of foreign troops in Angola.

Concerns With Southern Africa

Our concerns with southern Africa, from Zaire to the Cape, are born out of our recognition of the strategic, political, and economic importance of this region to the United States and the Western world. Southern African nations play an important role in meeting U.S., European, and Japanese requirements for critical minerals such as chrome ore, cobalt, industrial diamonds, manganese, platinum, vanadium, copper, tin, and asbestos. The Western world must remain engaged in this geopolitically important region during periods of strife and uncertainty. Southern African states form the littoral to one of the vital lifelines of the industrial democracies. We must work actively and play our proper role—diplomatic, strategic, commercial, and economic—in this key arena to prevent destabilization and economic decline and to foster a secure and prosperous regional order.

Failure to be an active participant in the affairs of southern Africa can only lead to heightened regional tension, polarization, and Soviet-backed adventurism. That is why we have not shied away from the difficult negotiations on Namibia; why we have not abandoned South Africans of all races who are seeking constructive changes and who are committed to purposeful movement away from apartheid; and why we have not been dissuaded from pursuing an end to the internationalized strife in Angola. The stakes are too high, the threats to our mutual interests too great, and, above all, the costs to the peoples of southern Africa too heavy for us to turn away from the challenges of this region.

Economic Concerns

I mentioned at the beginning of my remarks the tough goals which President Reagan has set for us in restoring our own economic well-being and in contributing to development efforts in Africa as elsewhere in the Third World. In an interdependent world, the trends which we see in Africa today should cause us alarm: declining per capita food production, falling per capita growth rates for most nations, staggering import bills for non-oil-exporting nations, desertification, high rates of inflation and deteriorating terms of trade, and population and urbanization growth rates which are the highest in the world. Already fragile economies are being undermined steadily by these developments. Even more fragile political systems, some of which are struggling to provide greater human liberities and broadened political participation, are being undermined by these economic trends. It is a vicious circle, one which has a decidedly negative impact upon our efforts to expand the linkages between our own and African economies and upon our shared goals of economic progress.

To break this cycle will require a concerted effort on our part, on your part, and on the part of Africans themselves. It will require some sacrifices, closer attention to priorities, specific definition of objectives and better coordination of our assistance programs with our foreign policy goals. We are not ashamed to back winners. We want to expand that group of African nations whose development policies produce economic progress. We want to help those who help themselves and want to work with us on the basis of mutual respect and common interest—like Malawi and Kenya, Sudan and Cameroon.

But our official assistance resources and those of our allies are not infinite. We want to engage the American private sector more fully in the economic development process—in the creation of jobs, in overall growth, and in establishing a sustaining source of revenue. We recognize that the private sectors of other industrial democracies are already competing effectively in Africa, yet we believe that U.S. firms have a comparative advantage in some critical areas, such as agribusiness activities. We plan to do our part to assist you, by reexamining present government policies which act as an unnecessary disincentive to business activities abroad, by exploring ways in which our own Agency for International Development and other government agencies can support your activities, and by coordinating our trade aid and investment instruments in supportive ways.

In a larger sense, we believe that our own policies at home and abroad will create the environment in which U.S. business can operate more effectively. This Administration seeks to rely more on market forces at home and to encourage the growth of market economies abroad. We can set an example on both fronts, one which, when weighed together with the dismal results of government-run enterprises in Africa as elsewhere, will encourage the trends we seek. At the same time, African governments themselves will need to make certain changes—in management, in commodity pricing policies, in resource allocation, and in economic planning. We can no longer afford to provide scarce bilateral assistance, to encourage multilateral lending, or to promote private sector investment in countries

Western Sahara

DEPARTMENT STATEMENT, JUNE 29, 1981[1]

The United States welcomes the proposals made by King Hassan II of Morocco on June 26 in his speech to the Organization of African Unity (OAU) summit concerning the modalities for compliance with the objectives with the OAU's Wise Men's[2] recommendations. The United States believes that the King's proposals constitute an important step in seeking a peaceful resolution of the contentious issue of the Western Sahara and hopes that plans for the proposed referendum can be formulated and accepted by the parties concerned in the near future.

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[1] Read to news correspondents by Department spokesman Dean Fischer.

[2] An ad hoc committee of five chiefs of state appointed by the OAU in 1979 to attempt to facilitate negotiations for a settlement of the Western Sahara dispute.■

whose policies do not produce results. To do otherwise would undermine our foreign policy goals and lose us your support and the support of the American people.

Yet there are reasons for optimism. Some African governments have already begun an agonizing reappraisal of their economic performance and policies. There is a new determination to reverse deteriorating economic conditions. U.S. private investment is more actively being encouraged and the opportunities for U.S. firms are there—in food processing industries; in telecommunications; in irrigation, mining, construction, and medical equipment; in Earth satellite stations; and in computer technology. You have this Administration's pledge that we will work toward creating a more favorable environment in Africa for private sector initiatives. We believe that Africans, if given the choice, will seek strengthened relations with us and with you. We have shared goals. We have the wherewithal to produce results. The values and institutions upon which the greatness of this country was built offer a solid basis for the continued strengthening of African-American relations.■

ARMS CONTROL

America's Blueprint for Controlling Nuclear Weapons

by Eugene V. Rostow

Statement before the Senate Foreign Relations Committee on June 22, 1981. Mr. Rostow is Director-designate of the Arms Control and Disarmament Agency.[1]

It is always an honor to come before this committee. I am proud to be here as President Reagan's nominee for the Directorship of the Arms Control and Disarmament Agency (ACDA). The President regards the functions entrusted to the agency as among the most important in the arsenal of our diplomacy. So do I.

President Reagan has said that "the first and foremost" objective of our foreign and defense policy is "the establishment of lasting world peace." Peace with freedom is and always will be the most fundamental of our national interests in world politics. But in the nuclear age, peace is more than an interest; it is virtually a commandment. The President is convinced that a just and stable system of peace can be restored by peaceful means. In his view, the task can be accomplished through the diplomacy of regional coalitions backed by credible military deterrence. Such action is imperative now because our vital national interests in many parts of the world are threatened by the recent decline in world public order.

Many look to arms control agreements as magical guarantees of peace. The history of the subject should persuade us to accept more modest expectations. Fair, balanced, and verifiable arms control agreements can play a significant role both in achieving and maintaining peace. They cannot do so of themselves.

The Versailles treaty and the naval agreements of the 1920s and 1930s were the most important arms control and disarmament agreements thus far during this century. These words have somber echoes. Much has been said about the moral justification of the Versailles treaty. Viewed only as an arms control agreement, however, Versailles and the other arms control treaties of the period clearly failed. When they were tested, the United States was still in the grip of neutralism; the United Kingdom had lost faith in its commitments; and France could not act alone. The Second World War was the result.

There is at least one successful arms control agreement in modern history—the Rush-Bagot agreement of 1817, which still limits the level of naval power we and Canada can deploy on the Great Lakes. The fact that everything about the Rush-Bagot agreement is rather dull is the most convincing evidence of its success. It was by no means self-evident in 1817 that the agreement would work. The passions of the Revolutionary War and the War of 1812 survived and rankled. There was great tension between the United States and the United Kingdom over Canada on several occasions during the 19th century. In these periods, the Rush-Bagot agreement was a genuine influence for restraint.

What is the moral of the experience I have just recalled? I should venture these conclusions. Where there is a general political understanding about the limits of rivalry, arms control agreements can help to prevent friction and conflict from degenerating into war. This was the case with the Rush-Bagot agreement but not with the Versailles treaty or the naval agreements of the period. The Western nations simply refused to recognize the aggressive nature of German and Japanese policy in the 1930s. Disarmed frontiers and arms control treaties cannot prevent war when democratic nations pursue blind, foolish, and inadequate policies, tempting aggressors beyond endurance.

In short, arms limitation agreements can help to reinforce the state of peace when it already exists, or when it is close to being the norm. They cannot do so where the will to peace is missing and the rules of peace are not fully accepted and enforced. Arms control agreements are neither good nor bad in themselves. Whether they turn out to be useful or harmful can be determined only in relation to all the other factors playing on the formation and execution of our foreign and defense policy.

It would be premature for me to attempt an outline of Administration policies in the areas committed by statute to the Arms Control and Disarmament Agency. I have not yet fully taken up the duties of the office, nor consulted in detail about its programs. What I propose to do in this statement is to consider the background of the problem as I see it and then list a series of questions I intend to address before recommending changes in the substance of the agency's work.

ACDA's Mandate

ACDA is a pioneer agency. The United States was the first among the nations to create a separate government entity devoted entirely to arms control and disarmament. The statutes entrust a number of functions to ACDA as the organization charged with "primary responsibility" for this field:

- To conduct research and recommend arms control initiatives "to the President, the Secretary of State, other officials of the executive branch, and the Congress";
- To prepare and manage U.S. participation in international arms control negotiations;
- To determine whether arms control agreements are adequately verified;
- In the language of the statute, to "assess the effect of [arms control programs] upon our foreign policies, our national security policies, and our economy" and to evaluate our interna-

States, because we are not in the business of negotiating directly with the Palestinians and have not been until certain conditions, established 6 years ago, are met, and that is that they would accept the provisions of 242 and 338.

None of this means that we are facing an impossible task; not at all; precisely the opposite. There are ways and ways of doing things in the Middle East, and we've been living through that maze for too long, I'm afraid. But nonetheless, we've been living through that maze and it is an achievable objective.

The most important thing for us all to remember is that we've had an escalating cycle of violence with increased levels of casualties, especially to noncombatants. This is a tragic situation, and it's going to require the best efforts of all. It is not going to require a departure from longstanding American policy with respect to whom we negotiate with.

Q. Can you describe those understandings at all?

Secretary Haig. You mean with Mr. Begin?

Q. With Mr. Begin and, presumably, with the Palestinians?

Secretary Haig. No. I have no understandings with the Palestinians. The U.S. Government has no understandings. I thought I made that clear. There are no understandings. There have been discussions, I know, through U.N. channels, which we have been made privy to, but they do not represent the consequence of any American negotiations or contacts with the PLO [Palestine Liberation Organization].

In the case of Mr. Begin I think we told you that we have at least had the authorization of the Israeli Government for Ambassador Habib to go on to Lebanon, to see President Sarkis and others involved, and to see what can be done to quiet down the situation which is the most important and urgent task before us.

Q. What decided in terms of Western aid for Third World energy development? Will it be in the context of a World Bank affiliate, and what role should the OPEC nations play in Third World energy development?

Secretary Regan. There was accent in the paragraphs in the communique that refer to energy—let me refer to them myself—that had to do mostly with the free market and utilization of existing organizations rather than trying for new organizations. There was a statement about nuclear energy. And the actual statement there says: ". . . in most of our countries, progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concern about safety, health, and nuclear waste management and non-proliferation . . . We will take steps to realize the potential for the economic production trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment."

No one likes high interest rates . . . I know of no economist in the world who can suggest a way to have high inflation and low rates of interest.

What we're talking about there is there can be greater alliance on the private market system in conjunction with the World Bank rather than to set up a new affiliate. There's nothing in the communique, although the matter was discussed, to indicate the desire on the part of those attending the summit to start out anew with a separate energy affiliate.

Q. In terms of the nuclear energy, does that also include helping underdeveloped nations develop their nuclear energy capacity?

Secretary Regan. Where that is feasible, although in most cases that is not needed where other methods of improving their energy condition can be used rather than nuclear.

Q. Yesterday Prime Minister Trudeau said that if he had to draw a conclusion from the summit, it would be that the Americans have been sensitized to the effect of their policies on their partners. Would you comment on that? Do you agree with that?

Secretary Regan. That's a good word, "sensitized." I thought we were sensitive to their feelings about high interest rates long before the summit. They did reemphasize it at the summit. We did get a greater understanding—a more personal understanding—of what their problems are. And, as we make decisions in the future affecting our economic policies—naturally now that we know them better and that we've talked to them and have understood their problems better—we will take those into consideration as we make our own policies.

Q. Do you feel you've been given a deadline to do something on interest rates?

Secretary Regan. No, we don't. They just kept saying do it as quickly as possible. President Mitterrand told us that he had problems concerning unemployment in France that would soon reach a critical stage and he hoped that long before that, we would be able to get our interest rates down because he thought then the rest of the world could have lower interest rates and that, in turn, would help small business in France, which in turn would help his unemployment problem. The connection is there.

Q. Before you sent the message yesterday from the President to Prime Minister Begin suspending the shipments of the F-16s, how many other messages had gone from you to Prime Minister Begin?

Secretary Haig. I don't make it a habit of outlining the numbers of messages other than I can tell you there was another message that day.

Q. The reason I ask is that before the Israeli official announcement which you have, it referred to Begin reporting to the cabinet his conversation with Habib and also the personal messages—plural—from Secretary of State Haig.

Secretary Haig. That's what I think I just answered. There was a message in the morning. There was a message in the night, both of which were approved by the President in full conformance with his wishes.

Q. Can you tell us what was in the message?

Secretary Haig. I hope you will have some sympathy for my reluctance to do so. We would have no diplomacy if we were to engage in that kind of activity.

Q. The earlier message that you did send to Prime Minister Begin, did he respond to that one? To the one before the suspension of the F-16s?

Secretary Haig. Yes, in effect, of course. We're in constant touch with our Embassy in Israel. We know precisely when a message has been delivered and what the reaction to the message was and the response. Sometimes we get a very formal response. Sometimes we get, in a fast-moving situation, something less than that.

I don't know where you're driving, but it's a very foggy speculation.

Q. In the direction that you acknowledged. I was driving toward the earlier message which you would not share and asked for sympathy, which I offered, and [laughter] that's where I was driving.

Secretary Haig. That's what I call a victory at the end of a 2½ day summit. [Laughter]

Q. Before the start of this conference, serious questions were being raised about the future strength of the alliance. What specifically do you mean when you say that the conference has been successful? Can you give us some assessment of the future and do you feel the alliance is going to weather the current economic and political storms?

Secretary Haig. I will take a piece and then I will ask my colleague to take another piece, which involves the economic leg of the question.

With respect to the alliance, this was not an alliance gathering, but rather the so-called seven plus one. As you know, the alliance would involve 15 of our NATO member states. But, in essence, I think, clearly—and this would force me to reflect back to the Rome ministerial of NATO and the political summary agreed upon here—that the consistency and the unity of purpose and the solidarity of outlook and concern are very reassuring factors in the Atlantic community today. I must add that this summit was unique and that we had our main Pacific partner also participating and also sharing a commonality of view and outlook and concern.

All of that suggests some reason for optimism. The security aspects of the alliance have been a focus of mine for almost 7 years, as you know. And I think, steadily, over those 7 years, there has been an awakening, if you will, of the dangers facing us commonly in the military terms and a somewhat strengthened dedication to deal with those dangers in a more integrated and effective way. I left NATO 2 years ago absolutely convinced that the integration of the alliance had achieved levels never before achieved.

The United States has probably been the least effective in increased levels of spending of all the NATO countries for a rather prolonged period—someone said a 20% drop in real term spending by the American Government over the last decade.

Our West European partners, on the other hand—while they're not doing as much as we'd all like to see—have been generally more responsive and have moved up in their levels of expenditure. One who lives in West Germany today might say: "Well, we've been carrying a heavy burden for an extended period," and, indeed, they have, but that's not unique. All of these things would suggest that there is a keen awareness on the part of the alliance as a whole that we are facing dangerous times. One of the great complications and aggravations in dealing with the political- and the security-related aspects of our problem is the economic, and I'd like Don to comment on that.

. . . the knitting together of the nations, to me, was the most important aspect from an economic point of view.

Secretary Regan. From the point of view of the economic side, I would say that we came away from here more in agreement than I would have imagined as the summit started.

The finance ministers got along exceedingly well. We had several very frank, very open, you might almost phrase it as no-holds-barred, type of discussion. It was very free-wheeling, in which the questions arose about each other's economies and each other's political and economic—mainly economic—philosophies were discussed and the methods of arriving at conclusions as to how to handle the various economic problems that confront the world today.

From that, we drew the conclusion—and incidentally, you know that 80% of the gross national product of the free world was represented at this summit among the seven finance ministers who sat down together—that we understood what each other was doing and our mutual independence.

Let's take just the subject of trade as an example. There we realized that some of the export subsidies and some of the internal, hidden subsidies that are going on in promoting trade among each other were damaging all of us and that this was something we should try to work to eradicate.

When you can reach that type of conclusion with the finance ministers, this will be reflected in what our—as we call them—our masters and one mistress would have to say. From the point of view that the free world has to get together in order to solve these problems mutually, there's no way that one country can do it on its own.

Chancellor Schmidt reminded us of something; if this were taking place in the 1930s, first of all, there probably wouldn't even be such a conference among such a group of nations. Secondly, certainly we wouldn't be on a first name basis. And thirdly, we would not under any conditions have agreed to try to help each other out from an economic point of view. In those days it was beggar-thy-neighbor rather than what we have today—mutual understanding and mutual cooperation.

From the point of view of this summit, the knitting together of the nations, to me, was the most important aspect from an economic point of view.

Q. Judging by the communique and the content of our briefings, there's been limited discussion of Poland at this summit. I wonder if that reflects a belief on the part of the

It's that, but I also hope when those children who were there to greet us at the airport yesterday asked the question why do we stand close to the United States, that, indeed, they will understand our values, but that they'll also know that part of the answer is because we stand with the Philippines. We stand with you.

And our President, our country has a deep commitment in the Pacific; a great respect not only for the Philippines but for the other ASEAN countries. We love your adherence to democratic principle and to the democratic processes. And we will not leave you in isolation to the degree we have any vibrant strength—it would be turning our backs on history if we did.

I couldn't help but notice as I went to my bedroom last night, the medals that were modestly displayed—but displayed nevertheless—in a corner of the room, and I saw the Silver Star, Distinquished Service Cross, and the Purple Heart, and many, many others—President Marcos' service to freedom and to our country.

Standing there with Foreign Minister Romulo, I think also of the same history and dedication and sacrifice. One million of 16 million Filipinos giving their lives for freedom.

And so we are pleased and privileged to be here today. You have honored this delegation by singling us out—of all your distinguished foreign visitors—and it means a great deal to us, and it will to my President when we get back there and tell him about it. But with no further ado, I would like to again say thank you. I would like to try to tell you what the relationship between these two countries means to us, and, more than that, it's got to mean to those countries that treasure freedom.

And so I would propose that we drink a toast, celebrating the inauguration of Ferdinand Marcos as President, drink a toast to the President, to the first lady, and to the great and lasting friendship between the American people and people of the Philippines.

Vice President Bush and Philippine President Marcos. (White House photo)

STATEMENT TO THE PRESS, MANILA, JUNE 30, 1981

I just want to make a very brief report on our activities so far. We have just concluded a very lovely luncheon given by President and Mrs. Marcos for the U.S. delegation. I had there an opportunity to express to them our gratitude, not just for that but for so many courtesies shown us here.

I also had an opportunity to tell President Marcos that it is the intention of the Reagan-Bush Administration, and of President Reagan, to improve and strengthen relations with the Philippines, to take into consideration at all times the importance of the ASEAN countries, to recognize that we have not diminished our interest in fulfilling our responsibilities in the Pacific area, and, indeed, to make sure he understood that we want to help where can with the reforms and the development that he talked about in his inaugural address.

We were privileged to be here; I mean that from the bottom of my heart, and, indeed, we really have been accorded great hospitality. We look forward to this evening and then we are pushing off tomorrow and heading back to the States after seeing some of our military activities in this area. But it has been a most enjoyable visit so far.■

Arms Control for the 1980s: An American Policy

Secretary Haig's address before the Foreign Policy Association in New York on July 14, 1981.[1]

I do want to say I'm very, very pleased to have an opportunity to talk again before the Foreign Policy Association. I've always believed that an effective policy abroad must be the product of support for that policy here at home. And this association and its activities have clearly made a major contribution to that requirement here in America. It has always sharpened the issues for the American people and enabled them to decide for themselves on these fundamental issues. And it is just such an issue that I would like to discuss today, and that is the vitally important issue of the future of arms control in this decade of the 1980s facing Americans. There is hardly a subject which enjoys or is a focus of greater international attention, especially recently, among our allies in Western Europe, and with good cause.

This is true because we are living in an age when man has conceived the means of his own destruction. The supreme interest of the United States has been to avoid the extremes of either nuclear catastrophe or nuclear blackmail. Beginning with the Baruch plan, every President has sought international agreement to control nuclear weapons and to prevent their proliferation. But each Chief Executive has also recognized that our national security and the security of our allies depend on American nuclear forces as well.

President Reagan stands in this tradition. He understands the dangers of unchecked nuclear arms. He shares the universal aspiration for a more secure and peaceful world. But he also shares the universal disappointment that the arms control process has delivered less than it has promised.

One of the President's first acts was to order an intense review of arms control policy, the better to learn the lessons of the past in the hope of achieving more lasting progress for the future. Two fundamental conclusions have emerged from this review.

First, the search for sound arms control agreements should be an essential element of our program for achieving and maintaining peace.

Second, such agreements can be reached if negotiations among adversaries about their national security interests are not dominated by pious hopes and simplistic solutions.

The task of arms control is enormously complex. It must be related to the nation's security needs and perspectives. Above all, arms control policy must be seen in the light of international realities. As Churchill put it: "You must look at the facts because they look at you." An American arms control policy for this decade must take into account the facts about our security and the lessons that we have learned about what works—and what does not work—in arms control.

Despite the extraordinary efforts at arms control during the 1970s, the world is a less secure place than it was 10 years ago. We began the process with the expectation that it would help to secure the deterrent forces of both the United States and the Soviet Union. But Moscow's strategic buildup has put at risk both our crucial land-based missiles and our bombers. Simultaneously, the Soviets have continued a massive buildup of conventional forces and have used them with increasing boldness. Their armies and those of their surrogates have seized positions that threaten resources and routes critical to Western security.

We cannot blame our approach to arms control alone for our failure to restrain the growth and use of Soviet power. The Soviet Union did not feel compelled to agree to major limitations and adequate verification in part because the United States did not take steps needed to maintain its own strategic and conventional capabilities. Nor did we respond vigorously to the use of Soviet force. The turmoil of the 1960s, Vietnam, and Watergate all contributed to this passivity. As a result, the basis for arms control was undermined. We overestimated the extent to which the Strategic Arms Limitation Talks would help to ease other tensions. We also underestimated the impact that such tensions would have on the arms control process itself.

This experience teaches us that arms control can only be one element in a comprehensive structure of defense and foreign policy designed to reduce the risks of war. It cannot be the political centerpiece or the crucial barometer of U.S.-Soviet relationships, burdening arms control with a crushing political weight. It can hardly address such issues as the Soviet invasion of Afghanistan, the Iran-Iraq war, the Vietnamese invasion of Kampuchea - which is the subject of our U.N. conference here this week—the Libyan invasion of Chad, or Cuban intervention in Africa and Latin America. Instead, arms control should be an element—a single element—in a full range of political, economic, and military efforts to promote peace and security.

Principles

The lessons of history and the facts of international life provide the basis for a realistic set of principles to guide a more effective approach to arms control. All of our principles are derived from a recognition that the paramount aim of arms control must be to reduce the risks of war. We owe it to ourselves and to our posterity to follow principles wedded exclusively to that aim.

Our first principle is that our arms control efforts will be an instrument of, not a replacement for, a coherent allied security policy. Arms control proposals should be designed in the context of the security situation we face, our military needs, and our defense strategy. Arms control should complement military programs in meeting these needs. Close consultation with our allies is an essential part of this process, both to protect their interests and to strengthen the Western position in negotiations with the Soviet Union.

If, conversely, we make our defense programs dependent on progress in arms control, then we will give the Soviets a veto over our defenses and remove their incentive to negotiate fair arrangements. Should we expect Moscow to respect parity if we demonstrate that we are not prepared to sacrifice to sustain it? Can we expect the Soviets to agree to limitations if they realize that, in the absence of agreement, we shall not match their efforts? In the crucial relationship between arms and arms control, we must not put the cart before the horse. There is little prospect of agreements with the Soviet Union that will help solve such a basic security problem as the vulnerability of our land-based missiles until we demonstrate that we have the will and the capacity to solve them without arms control, should that be necessary.

totally to build a society which answers the needs of the Vietnamese people, be they north or south. Instead of peaceful reconstruction, the Hanoi government has chosen to focus its efforts on military adventure and the imposition of a thinly disguised vassalage upon Vietnam's neighbor states.

Equally unwelcome, there has been the intrusion into the region of a Soviet military presence in the form of operation facilities at Cam Ranh Bay and elsewhere in Vietnam and increased military activity in the waters and air space of the Western Pacific and Southeast Asia. Fortunately, however, heightened regional concern and vigilance have prevented the Soviets from translating this temporary strategic gain into lasting political advantage.

U.S. recognition of the stark contrasts in the region—the prospects for peaceful development and the threat to that development—is what shapes our policy toward ASEAN.

U.S. policy rests on three commitments:

- Our commitment to economic development and a commerce of mutual benefit;
- Our commitment to promote fruitful bilateral relations with each of your countries; and
- Our commitment to consult on regional and global issues—to a genuine dialogue between equals on matters of common political concern.

Concerning economic development, one cannot but be impressed by the remarkable growth rates of the ASEAN economies over the last decade, averaging over 10% per year. Trade between the United States and ASEAN has increased rapidly, reaching a record of $21 billion in 1980. ASEAN is now America's fifth largest trading partner, and all indications point to 1981 being another banner year for commerce between our two regions.

Our successful economic dialogue with ASEAN governments will continue with the next meeting of senior economic officials scheduled for October in Washington.

In addition, the ASEAN-U.S. Business Council plays an active, constructive part in our growing economic relationships. The council is sponsoring joint meetings between ASEAN and U.S. banking and automotive industry leaders to seek new ways for greater mutual support and cooperation. These activities fit perfectly into our intention to place greater emphasis upon the role of private enterprise in international development. We expect this part of our relationship to grow in breadth and magnitude.

With regard to our second commitment, I would underscore the excellent bilateral relations which the United States enjoys with each of your countries.

With two members of ASEAN—Thailand and the Philippines—the United States has a mutual security relationship. With regard specifically to Thailand, the United States intends to honor its obligations under the Manila pact. Likewise we will carry out the letter and the spirit of our commitments to the Philippines under our Mutual Defense Treaty.

In these countries and elsewhere in the region the United States provides substantial bilateral economic and security assistance programs. We intend to maintain these programs and to improve their effectiveness. Where our resources permit, we will expand them to meet the needs of our ASEAN friends.

Let there be no doubt that the United States will maintain and strengthen its own military capability in the Pacific and Asia as a contribution to the security of the area in the face of the Soviet military buildup.

The Indochinese refugee tragedy continues to evoke our common concern and to demand our concerted action. The world commends the courageous and constructive policies of first asylum. The thrust of our own refugee program is clear: to seek to reduce the burden of refugee camp populations through prompt resettlement of large numbers of refugees in the United States and in other resettlement countries. We also believe that the time has come for a more concerted effort to deal with this longstanding and anguishing human problem at its source. In this connection, the United States has appointed a special commission which will be visiting Southeast Asia in July to consult with you on all aspects of this problem.

Finally U.S. bilateral relations with each one of the five ASEAN countries contain a mutual trust and reciprocal good will that exist independently from our relations with ASEAN itself yet inevitably strengthen our posture toward your association.

With regard to our third commitment, the American dialogue and consultations with ASEAN have developed in a way unforeseen in 1975. Vietnam's invasion and continuing occupation of Kampuchea have provided the catalyst for a new range of consultations which extend to the United States, other close friends in Asia and Europe, and to the nonaligned world which focus on means to oppose Soviet-supported Vietnamese aggression in Kampuchea.

Today the greatest threats to the interests, prosperity, and well-being of the peoples of Southeast Asia are the policies of Vietnam. We deeply regret that Hanoi has been unwilling to convert its military machine into more productive endeavors. While ASEAN and its friends would welcome a more constructive path, Hanoi's intrasigence stands in the way, perverts the aspirations of its people, and generates instability in the region.

The United States remains firmly on the side of those who oppose the Vietnamese occupation of Kampuchea. Our support is durable. We regard the U.N. General Assembly resolution on Kampuchea, sponsored by ASEAN, to be both just and the best basis for a constructive settlement of the Kampuchea issue. We are ready to work with all the parties to develop such a constructive alternative, which builds peace and stability on the basis of sovereignty and respect for the independence of all the nations of the region—not on the trampled sovereignty of other nations. The development of our policies will also be guided by the recognition that the situation in Kampuchea affects most directly the interests of Thailand as the frontline ASEAN state.

The United States also strongly endorses the convening of an international conference to deal with the Kampuchean issue. I intend to personally participate. We urge all the parties, including Vietnam, to join the dialogue which can bring general progress to Southeast Asia. Only Vietnam can end its isolation, and attendance at the international conference could signal Hanoi's interest to do so.

There is one additional point which I must emphasize: The United States will not normalize relations with a Vietnam that occupies Kampuchea and remains a source of trouble to the entire region. We will continue to question seriously any economic assistance to Vietnam—whatever the source—so long as Vietnam continues to squander its scarce resources for aggressive purposes.

Our dialogue in hospitable Manila this week demonstrated once again that equal and sovereign nations can work together to achieve an international consensus based on established and proved norms of international behavior. We have, through this dialogue, harmonized differing perspectives and backgrounds in a way which will contribute to concerted action. Time and time again common opposition to aggression has succeeded in reversing its course. Be assured that the United States will continue to actively participate in your efforts to achieve this vital goal. We look also to our discussions with ASEAN as the most promising framework for achieving a productive future for Southeast Asia.

NEWS CONFERENCE, MANILA, JUNE 20, 1981[6]

Q. Are there any reservations among any of the delegations that a rearmed China might also pose an eventual threat to the peace and security of Southeast Asia?

Secretary Haig. There is a great compatibility among generals, always. I think the question is somewhat irrelevant in the context in which it was asked, not the topic. Clearly some portion of our dialogue was focused on the recent visit of the U.S. delegation to the People's Republic of China, to include specific reference to the fact that there had been no decision on the sale of arms to China but rather there had been a decision—an internal decision in the U.S. bureaucracy—to change the category in which we had held the People's Republic of China both in the context of potential arms sales and in the context of dual use of technology transfer, in the commercial sector.

The point was made that we intend to proceed on this issue based on requests we may or may not receive from the People's Republic of China, on a case-by-case basis with consultations with our allies and those whom we feel would have a particular interest in the topic, as well as with the American Congress. So if someone is going to ask the next question, did you consult before you made an internal decision in the U.S. Government to change the category in which you are carrying the People's Republic of China, the answer is no. And, indeed, that is what the answer should be. If there is to be a decision in the future for such a sale, we will conduct the necessary consultation, and our ASEAN friends were so informed, as were our dialogue partners. I hope I have answered your question in a way that gets this nettlesome question in better focus.

Foreign Minister Romulo. I have been asked many times, as I entered this room, by several newspapermen about this arms sale. I must say that we have not taken up this question. Nobody took it up in the dialogue nor in the ASEAN foreign ministers' meeting. We did not discuss it at all. I am saying this because I do not want to be bothered when I go out.

Q. I learned here in Manila that before you left for Beijing, the Australian and Japanese Governments were made aware as to what kind of subject you would discuss there. In the context of your global strategy policy, what grade do you give to your relations with the ASEAN?

If I may address my question at the same time to Minister Rithauddeen. What kind of hopes do we have now after your dialogue with Secretary Haig on the question of the sixth ITA [International Tin Agreement] which is going on in Geneva?

Secretary Haig. First, I do not make it a habit of publicly revealing diplomatic dialogues with one country or another, but I don't believe there were any particular surprises with respect to those nations with which we have conducted the dialogue traditionally on our visit to Beijing. I think in the category of where we put ASEAN, I don't know whether you want a Kissinger-like grade, in which case it would be a plus. I do want to emphasize that, as I pointed out in my official statement this afternoon in our U.S.-ASEAN dialogue, we consider it to be an extremely important relationship which the United States has with ASEAN, and we think the dynamics of the region are such that it is becoming more—not less—important than it was at the time of its original conception, as important as it was then. And that is the way we view it in Washington.

Foreign Minister Rithauddeen. I did bring up this matter in the dialogue with the U.S. delegation, with Secretary Haig, the importance, emphasizing the need for the conclusion of the tin agreement which is now underway in Geneva. And have impressed that the participation of all the consumers, of all the producers, in the sixth tin agreement will be beneficial to all of us. The cooperation among the consumers and the producers as reflected in the fifth tin agreement should be continued in the sixth tin agreement. And I have asked Secretary of State Haig to bring this back to his colleagues so that by the 26th of this month we will be able to conclude the sixth tin agreement. I have urged upon him, I have exhorted upon him, I have told him that he should prevail upon his colleagues to do so when he goes back to Washington.

Q. According to page 5, I am getting the impression that you seem to think that the military gains the Soviet Union has made are only temporary, because you speak of temporary gains. Would you please elaborate on what you mean by only temporary gains, thinking of the facilities they are building up in Vietnam, Kampuchea, and Laos?

You also say we cannot sit idly by and permit the Soviet Union and its proxies actively to undermine and threaten the prospect for development. What do you mean by undermining and threatening, and what actions would you take when you feel the Soviet Union is undermining and threatening, plus what will you do when the Reagan Administration is determined to challenge blatant, illegal Soviet interventionism? What kind of determination is that? Is that military determination or how shall we understand that?

Secretary Haig. I think any objective assessment of the involvement of invasion forces, whether it would be in Kampuchea or in Afghanistan, today is that anticipated success which was probably the product of the weight of the intervention forces—in the case of Kampuchea some 200,000 North Vietnamese regulars and in the case of Afghanistan somewhere in the neighborhood of 80,000 regular Soviet forces. That initial momentum has stalled, and the prospects for a sucessful future outcome remain in serious doubt.

Now with respect to the undermining action of Soviet agressiveness, there may have been some skepticism in your question as to whether or not there is such aggressiveness, and I could only ask you to reflect back on global events since the Cuban proxy intervention in Angola in 1976, followed by the intervention in Ethiopia, the creation of a puppet state in Southern Yemen by intervention, the effort to overthrow the *status quo* in northern Yemen, the first phase of Afghanistan in which a puppet regime was established by the Soviet Union internally, and the second phase which involved unprecedented intervention by Soviet forces. The kind of activity we are witnessing today in the Western Hemisphere which is spawned

nuclear ones are banned from our harbors, what difficulty would that present to you and how would you see that affect the ANZUS alliance?

Secretary Haig. I think our position on this subject is clearly known and understood, and I'm not going to use this press conference as a vehicle for interposing myself in the domestic political affairs of New Zealand. It would be inappropriate, and I'm going to avoid it like the plague.

Q. I noticed that in the second to last paragraph of this communique the three partners pledge themselves to reaffirm their commitment to principles of free trade. At the same time the Secretary of State has told us that he expects no change in the American barriers to New Zealand exports. How important to New Zealand's economy is greater access to American markets? And how satisfied are you with your discussions with the Secretary of State on that session?

Foreign Minister Talboys. The importance of access—let me make it abundantly plain—it is not just a question of access to the U.S. market. If you look around the world you will find that the industrialized countries, and I look at the European Community, Japan, the United States—the industrialized countries generally—have, to a greater or lesser degree, some form of quantitative control on imports of livestock products. What we seek to do is in whatever form we have the opportunity to make the point that for an economy like New Zealand, where livestock products are the engine, it is vitally important to expand access to markets. Not that we have a capacity to meet the world demand or any nonsense like that, but simply we say to the international community that when we talk about trade, let's recognize the fact that for economies like ours, economies like Australia, trade must include livestock products, otherwise it is virtually meaningless. We can talk about liberalized trade, free trade in industrial products, and we are seeking in this country to liberalize the trading opportunities, and what we have said in the communique is that there is a commitment to move toward free trade. It's going to take time for us because we have industries in New Zealand that have been protected and some that will continue to be protected—many that will continue to be protected in various ways. But most of those industries are protected by tariffs. If all we had to contend with in the international market was tariffs, then we are up against a different proposition. What we object to is the quantitative controls. And in my discussions with the Secretary of State, I know that he understands fully the position here. I recognize that there are some political difficulties to be overcome in the United States, and what we seek to do is to mobilize support in overcoming those problems.

Q. I said that there was apparently no progress being made here toward the goal that the foreign minister has outlined and you shook your head to indicate that I was wrong.

Secretary Haig. No, it was the language that the premises of your question that I shook my head on. It always is a question of whether the bottle's half full or half empty. What I said was that the current levels for the remainder of this year between the United States and New Zealand would not be tampered with. There are some who would view that as good news. There are some who might view it as bad news. That has nothing to do with the detailed answer that Mr. Talboys gave and with which I am in full agreement, and that's the answer to your question.

REMARKS TO THE PRESS, LOS ANGELES, JUNE 25, 1981[9]

I just had an extensive discussion with the President reporting on my trip to Asia. We discussed the visit in Beijing and the communications that we had there with the People's Republic of China, various leaders—the Vice Premier and the Vice Chairman, the Premier and Foreign Minister, Defense Minister. We went on to discuss the meeting of ASEAN in Manila and the ANZUS meeting that was subsequently held in New Zealand.

With respect to the China visit, I, of course, expressed satisfaction that it was a successful visit, one which had the clear consequence of clearing the air between Washington and Beijing which will enable us to move now from a new plateau of improving relationships. It was clear also in the ASEAN meetings in Manila that there is a fundamental convergence of view, although some differences in nuance between allied and nonallied members of ASEAN. But these are merely tactical differences. There's a fundamental consensus of concern about the situation in Kampuchea, the need to improve commmercial and economic ties among those five nations, and their relationships with the United States and the rest of the Pacific area.

The ANZUS meeting in Wellington, New Zealand, was marked by the kind of intimate relationship that has characterized that alliance for its 30-year history, and I consider it to be both highly successful and highly beneficial for me because it was educational in the sense of learning the sensitivities of those two long-standing allies and their views with respect to the Pacific Basin.

Q. Did the subject of controversy involving you and Ambassador Kirkpatrick [Jeane J. Kirkpatrick, U.S. Ambassador to the U.N.] come up?

A. It's your controversy; it's not mine. I have no controversy. I made that very clear yesterday, and it was discussed, of course, but in passing.

Q. Was it discussed at length?

A. It was discussed in passing, yes.

Q. Did the President say he was angry about the reports?

A. Not at all.

Q. That he was angry about what your aides said?

A. No. Look, we have a lot of serious business to do in the conduct of America's foreign policy. These kinds of things happen as they have happened in the past. If we allow them to divert us from the serious business that we are about, I think we are not serving the American people and their interest properly and I'm not going to do it.

Q. Did you bring up the AWACS [airborne warning and control system aircraft] with the President?

A. No, we didn't discuss that today, no. Only in a very glancing way.

Q. Are you going to take any action against your two aides who were quoted in this story?

A. I'm not taking any action against them other than to be very concerned that the situation came up, sorry and disappointed that it did, because it doesn't reflect reality and that's frequently the case in such personality, speculative stories.

Q. When you were out of the country there was a fair amount of editorial criticism which you may or may not have seen about your decision to sell weapons to China, that you got nothing in return, that we're giving the Chinese something and we got nothing in return. Would you care to respond to that editorial comment?

A. In the first place, I made it clear throughout my trip and I reiterate today that there's been no decision to sell arms to China. There has been a decision to change that category in which we have carried China as a potential arms purchaser from one that was restricted to dual-capable systems to one which is no longer on the munitions list.

Should China want some arms, they will be considered on a case-by-case basis following consultation with the Congress and affected allies and friends worldwide who might have an interest or be affected by such a decision. I would view a relationship in the arms area with China as very evolutionary, very measured, and very paced in character.

Q. What did you get in return?

A. I'll leave that to you to speculate on. We have an improved relationship with the People's Republic of China. For the past 3 years that relationship has been on the decline, steadily. And I think it is very important that we get back on the track in a constructive way, and I won't go beyond that.

Q. How are you going to explain to the Saudis that Congress is not going to approve AWACS this year?

A. I hope that's not going to be the case.

Q. Isn't that the reading, though, that Mr. Allen [Richard V. Allen, Assistant to the President for National Security Affairs] got from the Hill as late as today?

A. No. I think the reading that Mr. Allen has and that I have as well is that we have a lot of work to do and that we're about that work and we hope that those who have expressed opposition would be patient and take the time to see firsthand for themselves the conditions under which that sale will be made. They haven't had that opportunity yet, and I'm optimistic that when they've had it they're going to change their viewpoint.

Q. Did you discuss the inclusion of Communists in the French cabinet with the President?

A. Yes.

Q. And can you tell us just some reaction of what the feeling is?

A. I think the State Department and the Vice President have made a statement on this subject. We put an official statement out yesterday in Washington, and I won't go a step beyond it.

Q. As a former NATO commander how do you feel about it?

A. Just precisely the way our view was expressed in the State Department yesterday.

Q. Have you said anything to your aides, though, about the policy in general of criticizing other Administration officials?

A. Oh, golly, I suppose a lot of us discuss that subject from time to time.

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[1] Made in response to a toast by Vice Premier and Foreign Minister Huang Hua, who hosted the banquet (press release 193 of June 16, 1981).

[2] Made at a banquet for Vice Premier and Foreign Minister Huang Hua (press release 197 of June 22).

[3] Press release 196 of June 17.

[4] Press release 198 of June 22.

[5] Made in response to a toast by Foreign Minister Romulo, who hosted the dinner (press release 201 of June 23).

[6] Press release 199 of June 22.

[7] Press release 202 of June 26.

[8] Made at the ANZUS dinner (press release 203 of June 26).

[9] Made outside the Century Plaza Hotel (press release 208 of June 29). ■

Secretary Haig Interviewed on "Face the Nation"

Secretary Haig was interviewed on CBS's "Face the Nation" on June 28, 1981, by George Herman, CBS News and moderator; Karen Elliott House, diplomatic correspondent for The Wall Street Journal; *and Robert Pierpoint, CBS News diplomatic correspondent.*[1]

Q. Pravda says that the American decision to sell weapons to Beijing is, in their words, reckless, highly dangerous for the cause of peace. So **I'd like to ask you if you think, because of this Soviet reaction, if the world is in for a period of worsening relations between the United States and the Soviet Union, or is that just talk?**

A. I think the process of worsening relationships has been underway for some time. The problem of China, however, must be dealt with in its own terms, and I do not believe, for one, that it would be advisable for the United States to conduct its relationships with a billion people under the specter of a Soviet veto. And I think that's very important for the American people to understand as we seek to improve our relationships with both Moscow and Beijing.

Q. In answer to my first question, you said the relationships between the United States and the Soviet Union have been worsening for some time. I wonder if, for my benefit, you could give a beginning point and what you hope might be an end point for the decline in relations between these two countries?

A. I think the basic problem started perhaps as early as Angola, 1976. This trangressed through Ethiopia, southern Yemen, northern Yemen; the two phases of Afghanistan, which find 80,000 Soviet forces occupying that country today; the invasion of Kampuchea by a Soviet proxy, North Vietnam; Vietnam; and all of these things I think were a rather shocking consequence of the great hopes and expectations that were generated in the early 1970s under detente, the SALT I agreement, and since that time our relationships have been deteriorating, and clearly as a consequence of Soviet, not American, action.

Q. Could you explain to us what is our policy toward the Soviet Union? Are we trying to be tough in the hopes that at some point we can talk to them, or do we simply just want to shove them around the way we feel they've shoved the rest of the world around?

A. No, I don't think that is a correct characterization at all. I think what the United States hopes, and I know what President Reagan hopes, is to establish a new relationship with the Soviet Union built on restraint and reciprocity in our tional arms and technology transfer and export programs; and

- To coordinate and disseminate public information concerning arms control and disarmament.

In addition to its inherent authority with respect to nonproliferation under the ACDA statute, the agency has also been assigned wide-ranging responsibilities by the Nuclear Non-Proliferation Act of 1978. In all these activities, save those entrusted by statute to the agency alone, the Director reports to the President and acts under the direction of the President and Secretary of State.

The centrality of ACDA's research responsibility is self-evident. I propose to give the ACDA research program a great deal of emphasis, because I believe it is of quite particular importance today that ACDA be an intellectually vigorous and autonomous agency, making its own contribution to the flow of ideas reaching the President. In carrying out its research function, it is my wish that ACDA draw on original minds throughout the government and the nation and in other nations as well. No one has a corner on the market for ideas.

Originality in ACDA's research is especially needed because we have entered a new era in arms control. Our 10 years of experience with Salt I and Salt II have been painful and unsatisfactory. Our first task, therefore, is to reassess the role of arms limitation agreements in our foreign and defense policy.

Role of Limitation Agreements

It is hardly remarkable that our course in this novel realm has been one of trial and error, as we tested first one hypothesis and then another in our search for solutions to the puzzle of peace.

In the beginning of the nuclear age, many believe that our monopoly of nuclear weapons would be enough in itself to guarantee the peace. Strong armies and navies would be unnecessary. The nuclear weapon would be Merlin's wand.

We soon learned how naive this view was. Bertrand Russell even proposed that we turn on our wartime ally, the Soviet Union, and insist under threat of nuclear attack that it become an open society. The idea was contrary to our nature and could not be considered seriously.

Then we went through a period in which we espoused a policy of "massive retaliation," only to discover that it too could not become a day-by-day working rule for our diplomacy.

But despite the disappointments and the setbacks, our foreign policy since President Truman's time has never stopped trying for effective international controls to minimize the risk of nuclear war and encourage the peaceful use of nuclear energy. Under President Reagan, this will emphatically remain the case.

Since 1947, behind the shield of the Truman doctrine—the doctrine of containment—the United States has relied upon five interdependent lines of policy to assure and enrich the peace:

- A system of alliances for collective self-defense, backed by military forces deployed in key areas around the world to maintain the balance of power and the peace;
- A progressive and integrated capitalist world economy, which serves the interests of the industrialized and the developing countries alike, and those of the Communist nations as well;
- Special programs to assist the developing nations in their quest for modernization—next to peace itself the most pressing and fundamental problem of world politics;
- Peaceful international cooperation, through the United Nations and otherwise, to encourage the recognition of human rights, the spread of education, and improvement in the quality of life; and
- The search for nuclear controls.

These themes in our foreign policy are embodied in a series of programs going back to the four freedoms, Bretton Woods, the Marshall plan, point four, the Baruch plan, and NATO. Some of these programs have been extremely successful, others successful in part. Only one, the effort to eliminate the risk of nuclear war, has thus far been unsuccessful.

Together, these related principles constitute a coherent foreign and defense policy. While there has been fluctuation and even some uncertainty in their application over the years, they remain of necessity the heart of U.S. foreign and defense policy, because they reflect our character as a people and our permanent interests in world affairs. Changing circumstances require suitable changes in our programs. But these abiding principles will continue to shape our foreign and defense policy for the indefinite future.

In the late 1940s, immediately after World War II, the United States offered the Soviet Union and the nations of Eastern Europe not only the Marshall plan but also the Baruch plan, which proposed to entrust our monopoly of nuclear science to an international agency for peaceful development. Every American can be proud that our government was willing to take so bold and imaginative a risk in the cause of peace. In retrospect it is clear that the Soviet refusal to consider the proposal was one of the bitter turning points in the history of the cold war.

Since the Soviet rejection of the Baruch plan, the United States has patiently pursued many other approaches to the goal of limiting or eliminating nuclear arms—multilateral treaties like those dealing with nuclear proliferation, bilateral agreements with the Soviet Union with regard to antiballistic missiles and strategic arms, and so on.

Many of these have achieved important objectives. But so far the high hopes of peace which attended their signing have been disappointed. As Secretary of Defense Weinberger said recently, "rarely in history have we or any other great nation pursued such noble goals, risked so much, and yet gained so little." The state of world politics is not better now than it was in 1963, when the first of these agreements, the Limited Nuclear Test Ban Treaty, was signed and ratified. It is much, much worse.

To understand the condition we face today, and the significance of the growing Soviet nuclear arsenal, I turn briefly to the influence of the nuclear weapon on warfare and, therefore, on politics.

Influence of the Nuclear Weapon

The nuclear weapon is a major change in the nature of world politics—revolutionary in its implications, perhaps more revolutionary than any previous event in man's history. The nuclear balance affects every aspect of diplomacy—and affects it with increasing intensity.

In the immediate postwar period, the United States had a monopoly of nuclear weapons and then, for a longer time, obvious nuclear superiority. The Soviet Union, rejecting the course of cooperation with the United States, began to expand its domain through the use of its own forces, proxy forces, and methods of subversion. These episodes took place first in Eastern Europe and the Middle East and later in many other parts of the world. Although the United States had warned the Soviet Union that there could be no peace between our peoples until the Soviet Union honored its pledge of free elections in Eastern Europe, the Soviets soon discovered that we were not then inclined to challenge the *de facto* Soviet sphere of influence in Eastern Europe. Furthermore, the Soviet Union concluded that we would not seriously consider using nuclear weapons to stop Soviet aggression outside of Europe in areas they thought we regarded as of secondary importance. Even in Berlin and Cuba we contained Soviet aggression with the threat to use conventional weapons, not nuclear weapons, although in each case the looming shadow of the American nuclear weapon played a decisive role. In the Cuban missile crisis of 1962, for example, the Soviets withdrew when they saw that we had more than 200,000 troops in Florida and the supporting naval and air forces necessary for the invasion of Cuba. Both in Berlin and in Cuba, American nuclear superiority was such that it would have been wholly imprudent for the Soviet Union to have considered escalating the confrontation.

As our lead in nuclear power diminished, our capacity to control the escalation of crises diminished correspondingly. So did our capacity to use conventional forces or credibly to threaten their use. In Korea, at a point of mounting American frustration, Secretary of State Acheson's secret nuclear hints, in response to what we thought might be Soviet signals of a desire to end the war, produced the beginning of negotiations, although it took a second hint from President Eisenhower to obtain the armistice. But similar secret American messages toward the end of the Vietnam war failed to produce a similar reaction. By the late 1960s, the nuclear relationship between the Soviet Union and the United States had become more nearly equal.

If the United States and its allies should fail to carry through the programs of rearmament on which they are now embarked, the Soviet Union would soon reinforce its widespread conventional force superiority with a position of ominous strategic strength. The Soviet Union is now close to acquiring a posture from which it could gain an important strategic advantage by striking first or threatening to strike first in a crisis. If we allow our strategic forces to remain vulnerable to that threat, the paralyzing specter of Soviet military superiority could prevent us from defending our national interests with force if diplomacy and deterrence fail. In short, we could be exposed to nuclear blackmail.

These profound changes in the political-military environment require us to review the policies we have been pursuing in relation to control of strategic nuclear armaments. Policies which were plausible 10 or 15 years ago may well be obsolete today.

Possible Negotiating Approaches

There are several ways in which President Reagan could approach the problem of negotiating agreements with the Soviet Union for limiting and reducing nuclear arms.

The **first** would be to break off the SALT negotiating process altogether, or at least defer it until after we have fully corrected the military balance between the United States and its allies and the Warsaw Pact nations. President Reagan has rejected this course. He wishes to pursue every feasible opportunity for genuine negotiation with the Soviet Union on nuclear arms.

A **second** possible policy would be to accept any SALT agreement we can get, on the ground that even a poor SALT agreement is better than no agreement at all and that all SALT agreements, however weak, contribute to peace, keep things from getting worse, or save money—perhaps all three. This approach too has been firmly rejected by the President.

In view of what has happened since the first SALT agreements were signed in 1972, it is impossible to defend the view that even a poor SALT agreement would contribute to peace. Since 1972, we have endured the most dangerous period of the cold war and called it "detente." Adverse changes in the balance of power have been ignored because of the excessive hopes we invested in the SALT process and in nuclear arms limitation agreements. It is even more obvious that SALT agreements have not saved money.

A **third** possible major premise for a SALT policy would be to seek an agreement that would make a nuclear attack on the United States—but not on its allies—unlikely. For the United States, this premise has always been rejected as a totally inadequate standard for nuclear negotiation. It would "decouple" us from our allies and leave us prisoners in "Fortress America." Facing the Soviet strategic arsenal which such a SALT policy would imply, we should be in no position to use conventional or nuclear force in defense of our interests in Europe, the Far East, the Middle East, or elsewhere. Since 1945, the United States has made many security commitments to other countries, through treaties, congressional resolutions, and otherwise. Those commitments are the cement of the world political system. A SALT policy based on the "Fortress America" premise would remove the nuclear umbrella over those commitments and leave them worthless.

A **fourth** policy is to have a clear, credible, and unchallengeable second-strike nuclear capability—a "margin of safety," in President Reagan's words—as the essential basis of a countervailing strategy. Such a position on our part should make it possible to achieve one of the primary goals of our policy—to eliminate from world politics the threat that nuclear weapons could be used or brandished for aggressive purposes. Two fundamental national interests require the United States to pursue this aim: (1) to protect the United States, its allies, and its vital interests against nuclear attack or the threat of nuclear attack and (2) to permit us to use military force in defense of our interests with comparative freedom if it should become necessary to do so not only in Europe but in other strategically critical parts of the world. In my view—and here I speak for President Reagan—this must remain the minimal goal of our nuclear arsenal and our minimal goal in arms limitation negotiations.

Proliferation and World Order

However, the record of our arms control experience and Soviet expansionism since 1972 requires us to seek more than this minimal goal. Of course we must at least maintain the nuclear stalemate. And of course nuclear balance must never again be allowed to dull our vigilance or reduce our capacity to protect our interests by other means. But a nuclear balance should not be a license for aggression throughout the world backed by conventional forces, terrorism, subversion, and psychological warfare, in the pattern we have witnessed for many years and are witnessing today on an expanding scale. The Soviet Union has been the principal factor in this process of spreading anarchy, both through its own actions and those of nations and groups it has supported and protected. But it is by no means alone. Maintaining nuclear balance in order to allow the Soviet Union, its proxies, and its proteges to carry on the cold war as usual may be all we can achieve through negotiation and rearmament. But making the world safe for conventional and covert war is hardly an appetizing prospect for the United

leaders that the danger of a Soviet invasion has passed, and beyond that was there any discussion among the economic ministers and the foreign ministers of how to solve Poland's economic crisis?

Secretary Haig. The answer to that is yes in both instances. There were rather extensive discussions among the foreign ministers on the subject of Poland, and these assessments were shared in the margins by the heads of state and government as well and I know by the finance ministers.

With respect to the situation in Poland, I think there is a definite sense of relief that the recent party congress was permitted to proceed peacefully on the terms decided by the Polish people. There was an unprecedented secret ballot which selected the new membership—political leadership—in Poland, and that represents well over a 90% turnover. The character of that turnover is yet to be manifested and the days ahead will be a reflection of that, but it looks like a continuation of the moderating trends.

All of these things, I want to underline, are the business of the people of Poland, and from that point of view I think we are all encouraged that this process has taken place. There was great concern expressed, both in economic and, more importantly I suppose in the near term because of the interrelationship with the political, of the dire economic situation in Poland today. There were many exchanges of view among the leaders in the bilaterals and the multilaterals and among the foreign ministers with respect to developing a consensus that we in the Western world are going to have to help Poland.

There are many ways under which that will take place, from food transfer to economic support. Don, would you care to comment?

Secretary Regan. From our point of view, we discussed how our representatives were getting along, discussed the Polish debt, the rollover of the Polish debt, both principal and interest. We discussed the role of the private banks and how they were progressing in their talks with Poland regarding their loans. We also discussed the effects on our nations of this Polish loan question and further aid—whether we could afford it, how it could be done, things of that nature.

Let me at this point make a very definite statement. No conclusions were reached. This is a process that is in development, and it's a process that must continue, not only now but in the future as well.

Q. What was the Japanese response to calls for freer trade, and can you detail changes in export subsidies and internal hidden subsidies?

Secretary Regan. The Japanese said they were for free trade. As a matter of fact, Prime Minister Suzuki made quite a statement on this subject. He was listened to very carefully. There were some questions put to the Japanese regarding some of their trading practices. They answered them that they welcomed foreign investment in Japan, that they recognized that some manufacturing companies and some service companies had difficulty in selling in the Japan market. They thought this was because they didn't understand the Japanese consumer. They thought that there was very little impediment from the governor's point of view standing in the way of free trade.

Q. Do you agree with that? Are you in accord with that?

Secretary Regan. We had our own points of view which we stressed to them on the necessity for things that we thought could be done to make it a more open trade. We recognize that Japan has a favorable balance of trade, not only with the European nations but with us as well. We thought that there is more they could be doing to alleviate that condition.

Q. And can we expect any changes because of the summit—with Japan, trading with Japan?

Secretary Regan. I wouldn't want to put my finger specifically on it and point to any changes in the near future, but I think it's something that Japan will definitely start considering as far as its long-range economic policies are concerned.

Q. You might have heard the Soviet press commentaries on the U.S. approach to the summit, saying that you are trying to line up your partners to pursue a cold war policy against the Soviet Union. Do you have any comment on that?

Secretary Haig. Why, of course. [Laughter] I suppose for many years we've been exposed to that kind of propaganda. If one would reflect back over the last 5 years, the problems that have developed between East and West, and the United States and the Soviet Union in particular, have been with few exceptions—and there have been a few—the consequence of Soviet international activity, in Africa, Angola, Ethiopia, southern Yemen, northern Yemen, and Afghanistan in the first instance when a puppet ruler was installed and in the second instance when an unprecedented invasion occurred in that country; Kampuchea where the Soviet Union supported the invasion of a neighboring country by some 200,000 North Vietnamese troops who occupy Kampuchea today; the stepping up of insurgency supported by Eastern bloc weapons; and subversion and training in this hemisphere. It would hardly be an objective witness who would not suggest that it is time that the United States and those of us in the Western world who share our values suggest to the Soviet Union leadership that this kind of international activity is a risk to international peace and that if they hope to enjoy the benefits of normal intercourse with the West—and I clearly believe they do—and trade, political, nuclear arms control, and a whole host of other interfaces, that it's time that we had some understanding on this activity.

We made it very clear and we have from the outset, we are prepared to sit down and negotiate these differences. All we need is an indication that the other side is willing to do so. We discussed at this conference the recent visit of the British Foreign Minister, Peter Carrington, to Moscow, where he resurfaced and highlighted the European Community initiative on Afghanistan, which would seek a withdrawal of Soviet forces and self-determination for all of the people. It's disappointing that the Soviet leadership did not respond positively.

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[1] Held in the Old Executive Office Building (press release 245 of July 21, 1981).

[2] Held at the Montebello press center (press release 241 of July 20).

[3] Administration officials gave press briefings after the President's bilateral meetings, the texts of which were issued as White House press releases.

[4] Text from White House press release.

[5] Held at the National Arts Center (text from White House press release).

[6] Held at the Skyline Hotel (press release 247 of July 22).■

News Conference of June 16 (Excerpts)

. . . .

Q. Last month you told graduates at Notre Dame that Western civilization will transcend communism and that communism is, in your words, "A sad, bizarre chapter in human history whose last pages are even now being written."

In that context, do the events of the last 10 months in Poland constitute the beginning of the end of Soviet domination of Eastern Europe?

A. What I meant then in my remarks at Notre Dame and what I believe now about what we're seeing tie together. I just think that it is impossible—and history reveals this—for any form of government to completely deny freedom to people and have that go on interminably. There eventually comes an end to it. And I think the things we're seeing, not only in Poland but the reports that are beginning to come out of Russia itself about the younger generation and its resistance to longtime government controls, is an indication that communism is an aberration. It's not a normal way of living for human beings, and I think we are seeing the first, beginning cracks, the beginning of the end.

Q. Have you learned anything in the past 10 days that would support Israel's contention that its attack on the Iraqi nuclear plant was defensive? If it was defensive, was it proper? If it wasn't defensive, what action should the United States take beyond condemnation?

A. I did make a statement in which I condemned that and thought that there were other options that might have been considered—that we would have welcomed an opportunity, for example, to try and intervene with the French who were furnishing the nuclear fuel and so forth.

I can't answer the last part of your question there about future action, because this is still under review. Under the law I had to submit to the Congress the fact that this did appear to be a violation of the law regarding American weapons that were sold for defensive purposes. But I've not heard back yet from the Congress, and that review is not yet complete.

On the other hand, I do think that one has to recognize that Israel had reason for concern in view of the past history of Iraq, which has never signed a cease-fire or recognized Israel as a nation, has never joined in any peace effort for that—so, in other words, it does not even recognize the existence of Israel as a country.

But I think the biggest thing that comes out of what happened is the fact that this is further evidence that a real peace—a settlement for all of the Mideast problems—is long overdue, that the area is torn by tension and hostility. We have seen Afghanistan invaded with the Soviets, Iran invaded by Iraq, and that was in violation of a treaty. Lebanon's sovereignty has been violated routinely. Now this latest act. And I think that what it should be is a compelling move—and this I have stated to the representatives of several Arab countries—a compelling reason why we should once and for all settle this matter and have a stable peace.

Q. But in this case, can you say was it—do you think now that it was a defensive move? Are there any—anything which indicates that yet?

A. No, I can't answer that, because, as I say, this review has not been completed. But what I would have to say is I think, in looking at the circumstances that I outlined earlier, that we can recognize that very possibly in conducting that mission, Israel might have sincerely believed it was a defensive move.

Q. A couple of times in recent weeks your staff has told us that you were not quite ready to make a major foreign policy address and declined the opportunity to do so. In light of recent events in the Middle East and in Eastern Europe, have you given some serious thought to a foreign policy program across the board, and, if so, could you give us today some of the outlines of your foreign policy beyond your often-expressed determination to stand up to the Soviets?

A. There seems to be a feeling as if an address on foreign policy is somehow evidence that you have a foreign policy, and until you make an address, you don't have one. And I challenge that. I'm satisfied that we do have a foreign policy.

I have met with eight heads of state already, representatives of nine other nations. The Secretary of State is making his second trip and is now in China and is going to meet with the ASEAN [Association of South East Asian Nations] in the Philippines and then go on for a meeting in New Zealand. The Deputy Secretary of State has been in Africa and is now returning by way of Europe. I have been in personal communication by mail with President Brezhnev.

I don't necessarily believe that you must, to have a foreign policy, stand up and make a wide declaration that this is your foreign policy. I've spoken about a number of areas. We are going forward with a program—a tripartite program—dealing with Central America and the Caribbean. We have tried to deal with various areas of the world—both Asia, Africa, and in Europe. And so as to an address, I definitely did not do one at commencements, because I happen to believe, as I said at Notre Dame, that it has been traditional for people in my position to go and use a graduation ceremony as a forum for making an address that was of no interest particularly or no connection to the occasion but just for wide dissemination. And I thought that the young people who were graduating deserved a speech, whether good or bad, that was aimed at them.

Q. Several of the Mideast leaders, most particularly Syria, say that because of the Israeli raid and the U.S. response to it that envoy Habib's [Philip C. Habib, the President's special emissary to the Middle East] peace mission is virtually eliminated, that it's permanently damaged. Do you agree with that, and if so, why not?

A. I hope it isn't. I know that he's still there, and he has left Saudi Arabia now for Damascus. And I think that he's done a miraculous job so far when you stop to think that when we sent him there, they literally had the weapons cocked and ready for war. And it's been several weeks now, and no war has happened. It would be just further tragic evidence if this latest happening should turn this off. But until he comes home and says, "I give up," why, I'm going to believe that we can do it.

Q. How appropriate do you believe is Israel's decision not to sign the Nuclear Nonproliferation Treaty and not to submit to inspections by the International Atomic Energy Agency?

Our second principle is that we will seek arms control agreements that truly enhance security. We will work for agreements that make world peace more secure by reinforcing deterrence. On occasion it has been urged that we accept defective agreements in order "to keep the arms control process alive." But we are seeking much more than agreements for their own sake. We will design our proposals not simply in the interest of a speedy negotiation but so that they will result in agreements which genuinely enhance the security of both sides.

That is the greatest measure of the worth of arms control, not the money saved nor the arms eliminated. Indeed, valuable agreements can be envisioned that do not save money and that do not eliminate arms. The vital task is to limit and to reduce arms in a way that renders the use of the remaining arms less likely.

Just as arms control could not aim simply at reducing numbers, so it should not try simply to restrict the advance of technology. Some technological advances make everyone safer. Reconnaissance satellites, for instance, discourage surprise attacks by increasing warning and make verification of agreements possible. Submarines and other means of giving mobility to strategic systems enhance their survivability, reduce the advantage of preemptive strikes, and thus help to preserve the peace. Our proposals will take account of both the positive and the negative effects of advancing technology.

Whether a particular weapons system, and therefore a particular agreement, undermines or supports deterrence may change with the development of other weapons systems. At one time, fixed intercontinental ballistic missiles (ICBMs) were a highly stable form of strategic weapons deployments, but technological change has altered that. We need to design arms control treaties so that they can adapt flexibly to long-term changes. A treaty that, for example, had the effect of locking us into fixed ICBM deployments would actually detract from the objectives of arms control.

Our third principle is that we will seek arms control bearing in mind the whole context of Soviet conduct worldwide. Escalation of a crisis produced by Soviet aggression could lead to a nuclear war, particularly if we allowed an imbalance of forces to provide an incentive for a Soviet first strike. American foreign policy and defense policy, of which arms control is one element, must deter aggression, contain crisis, reduce sources of conflict, and achieve a more stable military balance—all for the purpose of securing the peace. These tasks cannot be undertaken successfully in isolation one from the other.

Soviet international conduct directly affects the prospects for success in arms control. Recognition of this reality is essential for a healthy arms control process in the long run. Such "linkage" is not the creation of U.S. policy: It is a fact of life. A policy of pretending that there is no linkage promotes reverse linkage. It ends up by saying that in order to preserve arms control, we have to tolerate Soviet aggression. This Administration will never accept such an appalling conclusion.

Our fourth principle is that we will seek balanced arms control agreements. Balanced agreements are necessary for a relationship based on reciprocity and essential to maintaining the security of both sides. The Soviet Union must be more willing in the future to accept genuine parity for arms control to move ahead. Each agreement must be balanced in itself and contribute to an overall balance.

Quantitative parity is important, but balance is more than a matter of numbers. One cannot always count different weapons systems as if they were equivalent. What matters is the capacity of either side to make decisive gains through military operations or threat of military operations. Agreements that do not effectively reduce the incentives to use force, especially in crisis situations, do nothing at all to enhance security.

Our fifth principle is that we will seek arms controls that include effective means of verification and mechanisms for securing compliance. Unverifiable agreements only increase uncertainties, tensions, and risks. The critical obstacle in virtually every area of arms control in the 1970s was Soviet unwillingness to accept the verification measures needed for more ambitious limitations. As much as any other single factor, whether the Soviets are forthcoming on this question will determine the degree of progress in arms control in the 1980s.

Failure of the entire arms control process in the long run can be avoided only if compliance issues are clearly resolved. For example, there have been extremely disturbing reports of the use of chemical weapons by the Soviets or their proxies in Afghanistan and in Southeast Asia. With full Western support the United Nations is now investigating the issue of chemical weapons. Similarly, in the spring of 1979, there was an extraordinary outbreak of anthrax in the Soviet city of Sverdlovsk. Despite continued probing, we still await a serious Soviet explanation as to whether it was linked to activities prohibited under the biological weapons convention.

Our sixth principle is that our strategy must consider the totality of the various arms control processes and various weapons systems, not only those that are being specifically negotiated. Each U.S. weapons system must be understood not merely in connection with a corresponding Soviet system, but in relation to our whole strategy for deterring the Soviets from exploiting military force in general. In developing our theater nuclear arms control proposals, for example, we should consider the relationship of theater nuclear forces to NATO's overall strategy for deterring war in Europe. We cannot overlook the fact that our European strategy has always compensated for shortfalls in conventional capability through a greater reliance on theater and strategic nuclear forces. If we are to rely less on the nuclear elements in the future, the conventional elements will have to be strengthened.

Prospects

What then are the prospects for arms control in the 1980s? We could achieve quick agreements and an appearance of progress if we pursued negotiation for its own sake or for the political symbolism of continuing the process. But we are committed to serious arms control that truly strengthens international security. That is why our approach must be prudent, paced, and measured.

With a clear sense of direction and a dedication to the serious objectives of arms control, this Administration will strive to make arms control succeed. We will put our principles into action. We will conduct negotiations based on close consultation with our allies, guided by the understanding that our objective is enhanced security for all of our allies, not just for the United States. We will work with the Congress to insure that our arms control proposals reflect the desires of our people, and that, once agreements are negotiated, they will be ratified and their implementation fully supported. We will comply with agreements we make, and we will demand that others do likewise.

By the end of the year, the United States will be embarked upon a new arms control endeavor of fundamental importance, one designed to reduce the Soviet nuclear threat to our European allies. The impetus for these negotiations dates back to the mid-1970s when the Soviets began producing and deploying a whole new generation of nuclear systems designed not to threaten the United States—for their range was too short—but to threaten our European allies. These new weapons, and in particular the nearly 3,000-mile-range SS-20 missile, were not just modernized replacements for older systems. Because of their much greater range, their mobility, and above all their multiplication of warheads on each missile, these new systems presented the alliance with a threat of a new order of magnitude.

The pace of the Soviet buildup is increasing. Since the beginning of last year, the Soviets have more than doubled their SS-20 force. Already 750 warheads have been deployed on SS-20 launchers. The Soviet Union has continued to deploy the long-range Backfire bomber and a whole array of new medium- and short-range nuclear missiles and nuclear-capable aircraft. This comprehensive Soviet arms buildup is in no sense a reaction to NATO's defense program. Indeed, NATO did very little as this alarming buildup progressed.

In December 1979 the alliance finally responded in two ways. First, it agreed to deploy 464 new U.S. ground-launched cruise missiles in Europe and to replace 108 medium-range Pershing ballistic missiles already located there with modernized versions of greater range. Second, the alliance agreed that the United States should pursue negotiated limits on U.S. and Soviet systems in this category.

This two-track decision represents explicit recognition that arms control cannot succeed unless it is matched by a clear determination to take the defense measures necessary to restore a secure balance. On taking office, as one of its first foreign policy initiatives, this Administration announced its commitment to both tracks of the alliance decision—deployments and arms control. Last May, in Rome, we secured unanimous alliance endorsement of our decision to move ahead on both tracks and of our plan for doing so.

Since then I have begun discussions in Washington with the Soviet Ambassador on this issue. When I meet with Soviet Foreign Minister Gromyko at the United Nations this September, I will seek agreement to start the U.S.-Soviet negotiations on these weapons systems by the end of this year. We would like to see the U.S. and Soviet negotiators meet to begin formal talks between mid-November and mid-December of this year. We intend to appoint a senior U.S. official with the rank of Ambassador as our representative at these talks.

Extensive preliminary preparations for this entirely new area of arms control are already underway in Washington and in consultation with our NATO allies in Brussels. Senior U.S. and European officials will continue to consult after the beginning of U.S.-Soviet exchanges. We and our allies recognize that progress can only come through complex, extensive, and intensive negotiations.

We approach these negotiations with a clear sense of purpose. We want equal, verifiable limits on the lowest possible level on U.S. and Soviet theater nuclear forces. Such limits would reduce the threat to our allies and bring to Europe the security undermined today by the Soviet buildup. We regard the threat to our allies as a threat to ourselves, and we will, therefore, spare no effort to succeed.

We are proceeding with these negotiations to limit the theater threat within the framework of SALT—the Strategic Arms Limitation Talks designed to limit the nuclear threat to the United States and to the Soviet Union. In this area, too, we have initiated intense preparations. These preparations must take into account the decisions we will take shortly on modernizing our intercontinental ballistic missiles and our strategic bombers.

In the course of 10 years of SALT negotiations, conceptual questions have arisen which must be addressed. For instance, how have improvements in monitoring capabilities, on the one hand, and new possibilities for deception and concealment, on the other, affected our ability to verify agreements and to improve verification? Which systems are to be included in a SALT negotiation, and which should be discussed in other forums? How can we compare and limit the diverse U.S. and Soviet military arsenals in the light of new systems and new technologies emerging on both sides?

In each of these areas there are serious and pressing questions which must be answered to insure the progress of SALT in the 1980s and beyond. Only in this way can SALT become again a dynamic process that will promote greater security in the U.S.-Soviet relationship. We are determined to solve these problems and to do everything necessary to arrive at balanced reductions in strategic arsenals on both sides.

We should be prepared to pursue innovative arms control ideas. For example, negotiated confidence-building measures in Europe could provide a valuable means to reduce uncertainty about the character and purpose of the other side's military activities. While measures of this sort will not lessen the imperative of maintaining a military balance in Europe, they can reduce the dangers of miscalculation and surprise.

We are eager to pursue such steps in the framework of a European disarmament conference based on an important French proposal now being considered at the Madrid meeting of the Conference on Security and Cooperation in Europe. We call upon the Soviets to accept this proposal, which could cover Soviet territory to the Urals. As we proceed in Madrid, we will do so on the basis of a firm alliance solidarity, which is the key to bringing the Soviets to accept serious and effective arms control measures.

Our efforts to control existing nuclear arsenals will be accompanied by new attempts to prevent the spread of nuclear weapons. The Reagan Administration is developing more vigorous policies for inhibiting nuclear proliferation. We expect the help of others in this undertaking, and we intend to be a more forthcoming partner to those who share responsibility for nonproliferation practices. Proliferation complicates the task of arms control: It increases the risk of preemptive and accidental war, it detracts from the maintenance of a stable balance of conventional forces, and it brings weapons of unparalleled destructiveness to volatile and developing regions. No short-term gain in export revenue or regional prestige can be worth such risks.

It may be argued that the "genie is out of the bottle," that technology is already out of control. But technology can also be tapped for the answers. Our policies can diminish the insecurities that motivate proliferation. Responsible export practices can reduce dangers. And international norms can increase the cost of nuclear violations. With effort we can help to assure that nuclear plowshares are not transformed into nuclear swords.

by direct Cuban involvement through the provision of huge amounts of armaments, advice, and some command and control and direction of insurgent movements in El Salvador. All of these have set a pattern that would be hard for the objective observer to deny, posing a threat to international peace and stability.

The point that I made and a point that has been made consistently by President Reagan and those who are in his Administration is that the time has come to make it clear to the Soviet Union and its proxies that this is unacceptable international behavior, and if they hope to participate as full-fledged members of a healthy, viable international community, it is important that restraint and reciprocity characterize the relationships between East and West. One could make the case that it has not done so in recent months and years.

I don't make it a habit of suggesting how we would deal with that issue, but let me emphasize the fact that recourse to military action is not a normal or anticipated approach to this problem, which I feel can be handled effectively through other demographic aspects of Western capability.

Q. My first question I don't think was answered because you referred to Cam Ranh Bay and facilities. That's what I mean, and if you consider that this is temporary, I would like to ask you what you are going to do about that it will be temporary.

Secretary Haig. I apologize. I did not hear your question and clearly did not answer it but I used it as a good vehicle to answer what I wanted to say anyway. I think we all watch with considerable and growing concern the relinquishment of Vietnamese territory to the interest of the Soviet Union by the current leadership in Hanoi today, despite the frequent assurances to all of us that this would not happen. The only answer I can have is the very answer of this conference, and that is if we are dedicated in ASEAN—and those involved in the dialogue—and I saw an unusual degree of unity with respect to this question—to make it clear to Hanoi by a host of actions—political, economic, and diplomatic—that they will be an isolated member of the international family of nations if they continue to persist in pursuing policies not only in Kampuchea but elsewhere which unsettle the regional stability that is so important to economic progress and peace.

Q. You were quoted as saying that there's a new America which will lead and show, if necessary, those endangered on the frontlines. What does this mean? Does it mean that America is again willing to go to war? In Asia? Or is it just empty talk? About China, the reclassification of the status of China, does it mean that the embargo on U.S. arms sales in China has been lifted or will be lifted?

Secretary Haig. I think to suggest that the message that we are attempting to bring forward during my visit, and other public pronouncements that the United States is going to participate in this region of the world, is going to continue and in many respects reinvigorate its posture in a role history has placed on our shoulders. That is one way to be sure that threatened states in this region, which share our values and our aspirations for a peaceful world or that economic development and progress is the objective, can feel that they have an active partner in Washington, and that I would reiterate that is so. I think the alternative of war or peace, as such a question suggested, really are irrelevant and counter to the concept that I have put forward. It is where uncertainty about Western resolve and willingness to pursue their vital interests develop in reality or perception that the miscalculations that lead to conflict are favored and, indeed history shows, occur. I would hope that what we are espousing is a policy which seeks to improve the prospects for world peace and stability and economic development in the area.

The second part of your question is we have not had an arms embargo, as such, on China. We have carried the People's Republic of China in a category which tended to lump it with the Soviet Union in our internal bureaucratic system. We've now modified that category to put them in a category similar perhaps to that of Yugoslavia—a friendly, nonaligned state. We have not in that process offered, suggested, urged, or promoted arms sales nor do we intend to. We are willing to listen if the Chinese Government comes and makes a request. We will then assess it on its own merits, very carefully. We will consult with our friends, and we will consult with the American Congress which has an important role to make in American arms sales. I would anticipate this will be a very slow, revolutionary, carefully orchestrated process, and we may, indeed, never be faced with the question in the first place because I did not sense while in the People's Republic of China an appetite for U.S. arms. After all, the European markets have been open to China for a number of years, and they have not been visited with great regularity and certainly not with a large measure of armaments purchases.

Q. Judging from what you said about your posture in this part of the world and other areas of the world against the Soviet Union, you give me the impression that you are still talking with the Soviet Union, or is detente really dead?

Secretary Haig. Of course, we are conducting discussions with the Soviet Union. I have met with the Soviet Ambassador in Washington on more than half a dozen occasions over the last 4 months. Our deputy chief of mission in Moscow has been engaged in intensive dialogue with the host government in Moscow. I don't mean to suggest by that that that dialogue contributes to the kind of dialogue that the Soviet Union would be pleased with. We are clearly seeking as a first priority to get heavily engaged in arms control discussions—I will discuss this with Foreign Minister Gromyko in New York in September. Following that period formal negotiations will begin, and I anticipate, shortly thereafter.

With respect to the broader question of SALT, we are not prepared at this point to conduct such discussions because we are reviewing the entire approach to strategic arms control talks. It was clear that SALT II was inadequate, failed to garner the necessary support from the American Congress and Senate to permit its ratification. We do not want to have a repeat of that situation. Beyond that we talked about linkage and that is the clear interrelationship of functional areas of dialogue between ourselves and the Soviet Union—whether it be arms control, credit transfer, trade—will be carefully measured against overall international Soviet behavior, and that will be applied here.

Are we in favor of talks, negotiations—if you want to call it detente—of course we are. We believe that it is absolutely essential to maintain the dialogue with the leadership in Moscow. We intend to pursue it. We have been pursuing it. We also expect that it would be conducted against the background of greater restraint in Soviet worldwide activity and a degree of greater reciprocity than we have witnessed in the recent past.

Q. In view of the dangers that you have said in all your public statements here, do you foresee in the near future that this grouping—these five member countries of ASEAN—should go into some sort of a military grouping, if circumstances dictate it?

Secretary Haig. Not at all. I don't think it is for the United States to have a view on this subject. I think ASEAN was spawned at the initiative of the regional nations. It has flourished and developed under their initiative and through their concerted action. It is essentially political, economic, with clear security overtones. But the decisions of the five member nations of ASEAN with respect to their defense capabilities is theirs alone to make, and we would not presume to intervene in that process.

Q. There is danger that the Secretary has sounded and do you think this aggrupation [sic] will evolve into a military grouping?

Foreign Minister Romulo. We have always said and we underscore that to you right now, to the mass media. The ASEAN does not intend to be a military alliance. We do not intend to have any military commitments. We believe that in the case of Kampuchea, we want to support the people of Kampuchea to have self-determination and to be able to express their views freely without 200,000 troops breathing on their necks, without any military support from us. We want that to be very clear. ASEAN is not and will not be a military alliance.

Q. You now have the advantage of having had talks with both ASEAN and the People's Republic of China on the subject of Kampuchea when you canvassed these two groups. Did you find any differences in their approach? And if so, what were they? And in answering your question, could you address yourself to the proposition often expressed that China is more concerned perhaps with bleeding Vietnam through Kampuchea than achieving a quick peace in the region?

Secretary Haig. First let me say that the interrelationship between my visit here for the ASEAN dialogue and my earlier visit to Beijing is circumstantial rather than one designed to reflect an interrelationship between those two visits. I don't make it a habit, of course, of publicly detailing discussions I've had in private sessions, either here in ASEAN or in Beijing. I would expect there would be a number of differences between two so different and diversive sets of interests. I didn't find any exceptions to that; there were some differences. I would also say that I found in Beijing a sharp degree of concern about the presence of North Vietnam's troops in Kampuchea, and they suggested a level of support for the international conference which is designed to effect the withdrawal of those troops. In a broad sense I think that suggests some compatibility with—or at least the U.S. view on what I've learned here today and yesterday—the ASEAN view.

I think you would be better served perhaps to ask one of the ASEAN members the question you've asked me. It would neither be appropriate for me to tick off the score card on that question. The last part of your question is not something that I would be comfortable with, if that were, indeed, a motive.

Q. In your opening remarks, you emphasized one point that United States will not normalize relations with a Vietnam that occupies Kampuchea and remains a source of trouble to the entire region and will continue to question security and economic assistance to Vietnam from whatever source. Considering the tone of the joint communique of the ASEAN ministers, do you think that this statement in the ASEAN venue and the ASEAN region helps the effort of ASEAN to seek and reach a comprehensive political solution on the Kampuchean problem? What is your argument there?

Secretary Haig. I don't know whether it did or it did not, and I don't see that my intervention here at ASEAN was designed to develop unanimity necessarily. I think one of the great values of ASEAN and the participation of dialogue states in the process is to bring the divergence of views forthrightly to the attention of the member governments. I did not discern the existence of serious divergence on this subject between the United States and ASEAN based on the dialogue conducted. So maybe you're head hunting. Now, that's very flippant, and I don't mean it to sound that flippant. Clearly the tone of the communique is very moderate with respect to Vietnam, and I think intentionally so.

Q. The tone is conciliatory, and your statement is rather hard. Sometimes it turns Vietnam to be harder on you if you push it harder, and ASEAN tends to invite Vietnam to the table to negotiate.

Secretary Haig. We joined that invitation. And as a matter of fact, in my comments this afternoon I urged Hanoi to sit down at the table as a first indication of their willingness to find a politically negotiated solution which we strongly favor; that is not inconsistent with the position taken earlier in my remarks to the effect that while Vietnam is involved in the squandering of its scarce resources—in supporting invasion forces in Kampuchea—the United States sees no practical value. In fact, we see just the opposite in permitting them to have their cake and eat it too.

Q. How do you feel about the tone and tenor of Secretary Haig's statements and commitments today?

Foriegn Minister Siddhi. I listened to Secretary Haig at the end of our meeting. I just showed my appreciation about his repeated pledge to keep commitments to Thailand on the Manila pact. What I feel about Secretary Haig's remarks is we are assuring Thailand's security as we are a front-line state.

Foreign Minister Kusumaatmadja. Secretary Haig has made remarks on a number of subjects, so I don't know what you mean. But the general tenor of the remarks he made is reassuring. I'll take, for instance, the remarks or the answers he gave to the questions: Are you not engaged in an exchange of views or dialogue or whatever you call it with the Soviet Union? He clearly said that he has been; I mean over six times in the past 4 months or something. So this is a completely different thing from the image one gets from newspaper reports.

Q. Because we are from Thailand we are interested in that refugee question you referred to. When you mentioned about taking this problem right to the source, that means Vietnam. How do you think you could do it?

Secretary Haig. It is a very complex question. Clearly, we would seek through political and diplomatic exchanges and economic levers to try to influence the nations which generate the source of these human tragedies, to ameliorate the conditions that brought them about; in one instance—in Afghanistan—we have open conflict. That means the best resolution to that is mutual relationships—restraint in the sense that the Soviet Union will cease and desist from instigating, supporting, and carrying out efforts to effect historic change by rule of force, whether it be through proxy or the direct involvement of Soviet forces, as is true in Afghanistan. We believe this can be done only with the clear recognition in Moscow that the current activity of the Soviet Union is unacceptable in terms of improving East-West relationships and that we would seek to work with them to elicit the restraint that the basic policy has established as our goal.

Q. Does this mean that policies—such as the SALT talks, the Strategic Arms Limitation Talks, and other detente efforts to ease relationships with the Soviet Union—those policies are dead until the Soviet Union changes its course?

A. Not at all. I think clearly that would be an expectation that would neither be realistic nor achievable. On the other hand, we do feel that there is an urgent requirement for some fundamental understandings on future directions for some reciprocity, if you will, and this does not mean that SALT II cannot begin until Soviet forces are in effect withdrawn from Afghanistan. It does mean that there are certain understandings with respect to the whole range of U.S.-Soviet relationships and East-West relationships in which there is a better consensus and a clearing of the air between us.

Q. But it seems to me that what you're saying is that somewhere down the line the Soviet Union has got to change before we're willing to talk SALT. What are you waiting for? The Soviets themselves claim that we're stalling.

A. First, the premise of your question suggests that these discussions have not been going on. We have, as you know, scheduled formal discussions before the end of the year to be hopefully triggered and launched during a meeting between myself and Foreign Minister Gromyko in New York this September, and these will involve the theater nuclear arms control efforts, on which we have worked very carefully with our Western European partners and who have a vital stake in the outcome of these discussions.

Beyond that, we're dealing with a whole host of internal reviews associated with strategic arms limitations, and these are complex in the extreme. It's the President's hope, I know, that the objective of such discussions will be the actual reduction of the growth of strategic armaments, and I would expect that these discussions will take place sometime next year without any firm deadlines being set one way or the other.

Q. Let me just go back to the burden of my first question. You said, quite understandably, that the United States should not conduct its policy, its relations with China, on the basis of Soviet opinion. Nevertheless, it is a factor. If the Soviets—if any country thinks that what you're doing with another country is a threat to it, that has to be taken into consideration. It really is a kind of a triangle, is it not, and do our relations with China—Pravda says they're a threat—do you think that this is provocative to the Soviet Union or that they consider it provocative?

A. In the first place, I would hope that they would not consider it provocative because—

Q. But Pravda says they do.

A. —there is no basis for that. On the other hand, I think it is very important that Americans recognize that our relationships with China must stand on their own, and it doesn't mean that they do not affect our interrelationships with the Soviet Union; it would be specious to suggest so. But if we allow that so-called China card to become the dominant factor in our relationships with a billion Chinese people, why, we will have, if effect, given the Soviet Union a veto over those relationships. I think that would be very, very serious and a mistake.

Q. You're aware, of course, of one of your predecessors, Cyrus Vance, who calls the announcement of the arms sales to China a needless provocation of the Soviet Union?

A. I think that's a debate that raged in the Carter Administration for the entire period that Mr. Vance was Secretary of State. It was well known and recognized. The simple facts are that in the first instance we have not made a decision to provide particular armaments to the People's Republic. We have merely internally changed the category under which they've been held, which lumped them together with the Soviet Union.

Q. But all of us who've been in Washington any length of time know that changing a category in these little bureaucratic terms ends up in enormous changes of action.

A. This depends on the future and the decisions made on a case-by-case basis. First, what requests we may get from the Soviets. We would then consult with the Congress—

Q. From the Chinese.

A. I mean, from the Chinese. We would then consult, of course, with the Congress and with affected allies and friends, and so we view this as a very evolutionary thing. What we've done is put China, for all intents and purposes, in the same category as Yugoslavia, as a friendly, nonallied state.

Q. There have been reports that the Chinese have been willing to cooperate with us by providing listening posts in China for us to spy on the Soviet Union. Can you confirm those?

A. It's been our policy not to discuss any such arrangements, and I'm not going to depart from that policy today.

Q. Without you confirming or denying the intelligence reports, the reports of planned weapon sales are obviously true, if the Chinese decide to buy weapons. If it isn't—as Secretary Vance says—using our China card prematurely, what is the point of our selling arms to China?

A. I think the point of our making the category different for China is a clear recognition that they are different, that they are a friendly regime in which we have a number of converging interests, and we've been in a 10-year process in an effort to normalize our relationships with China. It goes without saying that—it was made very clear to me in China, from the officials with whom I spoke, that they have not been satisfied with the evolution of these relationships over perhaps the last 2 or 3 years, and that is a consequence of—

Q. Did the word Taiwan creep into some of those discussions?

A. Yes, it did, and as it would be expected to, as it did from the first period of normalization, where I was intimately involved, in 1972. And this is, again, a question of, if you will, handling this very sensitive issue with prudence and great care. We happen to believe we can do so; we can meet our obligations to the peoples of Taiwan and continue with the normalization process with China.

Q. Does that include new arms sales to Taiwan as well? Do they need these sophisticated planes?

A. It includes the meeting of our commitments to the people of Taiwan, with the provision of defensive armaments as necessary to provide for their own vital interests, and such future actions will be taken precisely on that basis, and this is understood in Beijing.

Q. Are you saying, in effect, that you either tacitly or explicitly told the People's Republic of China leaders, with whom you met, that Taiwan would not get a new weapons system, including FX planes, unless there was a threat from Beijing? Is that really what this is all about?

A. No, and I think that's far too sharply drawn. I think it was made clear to them that we have obligations, historic and under law, to provide necessary defensive armaments to the people of Taiwan. This is known and was made known in Beijing. Now, clearly, the basis for such decisions will be the defensive needs of Taiwan.

Q. Is it your opinion that Pakistan is working toward a nuclear-weapon capability?

A. This is a subject which, of course, we are keenly attuned to and very sensitive about. As you know, Under Secretary [for Security Assistance, Science, and Technology James L.] Buckley just returned from a trip to Pakistan, where he held lengthy discussions with President Zia, and where he was assured by President Zia that they would not seek the development of nuclear arms. I think he testified to this effect a week or so ago. Now, really, this is one of the underlying premises of our new approach to Pakistan, to remove the appetite, if you will, for nuclear weaponry which comes from an intense sense of vulnerability to threats from the Soviet Union and—

Q. From India?

A. Perhaps, although clearly today the balance between the two powers is so badly skewed that it would hardly be a rational acceptable balance in the sense of a threat.

Q. How about some of Pakistan's neighbors? You noticed that the President of Iraq, Saddam Hussein, has called for all Arab nations, perhaps all Muslim nations, which might bring in Pakistan, to have nuclear-weapon capability in the view of Israel's capability to produce such a weapon.

A. I, of course, saw that statement and we're looking into it now because it's an appalling statement. It's one which is not in consonance with fundamental policies under the Reagan Administration, and that is, there should be no question about President Reagan's intent to pursue, as vigorously as we can, the nonproliferation policies of this Administration.

Q. In that context, has the State Department asked Turkey to not provide material that—

A. I saw that newspaper report today—

Q. —would help Pakistan build a bomb?

A. Yes, and I haven't had a chance to look into it to the depth that would be necessary, but let me assure you that any indication we have, official or unofficial, which would suggest any broadening of the proliferation problem would be sufficient to trigger counteraction on our part to attempt to prevent it.

And, secondly, let me tell you that the Government of Turkey is a signatory to the Nonproliferation Treaty, and they have rigidly reaffirmed, as we would expect, their adherence to that treaty, and that means that they will not assist the expansion of nuclear weaponry. Now, it doesn't mean that we can take these things complacently, so if we have a report that suggests to the contrary, we're going to follow up on it, and that's just a responsible diplomacy.

Q. Is it possible there could be a State Department cable asking Turkey not to provide materials to Pakistan that would help build a bomb, and you wouldn't know about such a cable?

A. No, not at all. Oh, of course, it's possible in the sense that I've been out of the country, and this is a fairly routine procedure that whenever we would have a report of that kind, there would be a followup message sent. It's not the kind that would necessarily come to the Secretary's attention. It's very consistent with that policy.

Q. In the view of Saddam Hussein's call for all Arab nations to produce atomic weapons, what do you suppose the Iraqi reactor was up to? Was it strictly for peacetime, or was there a weapons capability on the bottom of it?

A. This is the subject of an intense investigation which is continuing. You'll note that President Reagan did approve a condemnation of the Israeli attack, while recognizing some of the concerns that may have caused that attack to take place. Our basic objection was the fact that we felt that all diplomatic recourse had not been pursued before resort to arms was undertaken. That does not mean that we don't remain concerned about the Iraqi nuclear development.

Q. In that review of the Israeli attack on Iraq, you said that there may have been a violation of the use of U.S. military weapons by the Israelis. I wonder if there has been, and if the American public is ever going to be told that there has been a violation by Israel, or are we going to carry out the usual policy of simply ignoring whether there has or not and going on and renewing our arms deliveries to Israel?

A. I want to assure you that the considerations that were launched at the time of the attack and are still underway are continuing. Now, this will involve consultation with the appropriate committees on the Hill, especially the Senate Foreign Relations Committee. We've already conducted some testimony there, in which we are continuing to examine the facts. Now I don't want to make any prediction at this juncture as to when a judgment would be made with respect to your question, or whether we are going to—when and under what circumstances we will resume the shipment of the four F-16s involved, but—

Q. Is that a yes or a no?

A. —it is not going to change our basic relationship with the Government of Israel and our obligation with respect to it.

Q. But, given that, is that a yes or a no to my question as to whether the American public is ever going to know whether the Israelis violated the agreement?

A. I don't know whether we alone are going to be able to give a juridical answer to that question. I think the best we can do, along with the Congress, is to study it with the intensity we have thus far and to try to arrive at a conclusion. Now, if that conclusion is juridical, as distinct from political, the conclusion we already made, then we will make it known.

States, for the Soviet Union, or for the rest of the world, either.

The Soviet drive for empire is accelerating in momentum and is becoming more and more difficult to contain and to confine. It is beginning to produce Western claustrophobia, and this is extremely dangerous. World politics is not a chess game. War comes when human beings are swept away by emotional tides they cannot control—by rage, by frustration, and, above all, by fear. Confronting the fact, the course of wisdom is to move decisively toward stability—a condition of world politics where no state need fear its neighbor and where progress can be sought by peaceful means.

The crumbling of world public order during the last decade has had another most unfortunate consequence. It has created an environment in which beleaguered nations have become more interested in acquiring nuclear weapons. However delusive the belief may be, some countries facing grave risks are convinced that a nuclear weapons capability could protect them against aggression or nuclear blackmail. We and other nations have frequently said that in a world where many states have nuclear weapons, politics will become nearly unpredictable and instability will reach the level of explosiveness.

The magnitude of this danger was translated from the realm of forecast to that of reality by the Israeli attack on a nuclear reactor in Iraq on June 7. Israel perceived the potential development of nuclear capabilities in Iraq as a mortal threat, despite Iraq's adherence to the Nonproliferation Treaty and its agreement with the International Atomic Energy Agency (IAEA). While we have condemned that action, we should be aware that we are dealing here, as Dean Acheson said at the time of the Cuban missile crisis, with events which touch the nerve of sovereignty and survival. President Reagan made the same point in his news conference last week.

The deadly volatility of politics in a world of nuclear proliferation cannot be cured by threats or reassuring words or pious votes in the United Nations. The phenomenon will continue until international public order is restored. Unless we, our allies, and other nations move decisively to restore world public order, and to deal with problems of regional instability, there is little or no chance to prevent nuclear proliferation on a large scale. And if nuclear proliferation on a large scale should take place there would be little or no chance for success in restoring world public order.

I should stress as well in any program to prevent nuclear proliferation, the necessity for strengthening IAEA safeguards and for strengthened policies on the part of the main industrial nations that supply nuclear materials and technology. After the flash of lightening of the Israeli raid in Iraq, the world community should follow even more strictly an agreed and concerted policy based on the principles of the Nonproliferation Treaty and the bilateral and multilateral arrangements which have developed from it.

Thus wherever one starts, analysis returns to the fundamental problem of stability and order. Secretary of State Haig addressed the issue in his important speech of April 24, 1981. The lesson he drew from the experience of the last 10 years is that the United States, its allies, and all the other nations which cherish peace should return to the containment policy pursued between Truman's time and the American withdrawal from Vietnam.

The containment policy was one of collective self-defense against aggression. In areas where their interests were affected, the United States and other nations worked together, especially to prevent Soviet expansion and coercion. The policy applied only where the Soviet Union sought to expand its empire by methods of aggression which violated the rules of the U.N. Charter regarding the international use of force. Those rules codify the necessary conditions of peaceful cooperation among the members of the state system.

But the Charter of the United Nations is not a suicide pact. It cannot survive as an influence in world politics unless the Soviet Union is finally persuaded that the imperatives of the nuclear age require strict and reciprocal respect for its most fundamental rules—those dealing with the international use of force. As Secretary of State Haig said on April 24: "We have a right, indeed a duty, to insist that the Soviets support a peaceful international order, that they abide by treaties, and that they respect reciprocity."

Unless effective containment is restored, we cannot expect to pursue detente and arms control fruitfully. The restoration of containment should be the predicate for useful arms control agreements with the Soviet Union, which could then reinforce the policy and help to sustain it during periods of stress. Even competing nations have common interests in peace, if they can be brought to accept them. It should be possible, whatever difficulties, to translate those interests into agreements to limit and control armaments. And such agreements, in turn, could reduce the risk of war by inadvertence, moderate arms competition, and promote political cooperation.

What I suggest, therefore, is a fifth possible approach to arms limitation negotiations to be developed with our allies in the period ahead—a policy which would link arms control to the effective revival of the Truman doctrine and the acceptance by the Soviet Union of the rules of the Charter of the United Nations regarding the international use of force. Such an approach is well within the reach of Western policy. The Western nations have more than enough power and potential power to accomplish that goal. What has been lacking is a shared perception of the problem and the political will to deal with it.

I do not wish to be misunderstood. When I emphasize the significance of the rules of the Charter of the United Nations governing the international use of force, I distinguish the Charter itself from the institutions of the United Nations and the abuse of those institutions for purposes of political warfare. That tendency in recent years has been deplorable, and I hope that the United States and its friends will succeed in restoring an atmosphere of civility and responsibility to the work of the United Nations. The Charter, however, exists independently as an agreed code of law, to be enforced by the Security Council, or, where the Security Council is unable to act, by methods of individual and collective self-defense. The Charter is the only code for detente there is—the inescapable starting point for all our efforts to improve relations with the Soviet Union and other nations which use war as an instrument of national policy.

The Future of Arms Control

I come now to the final question: What's to be done, and, more particularly, what's to be done about arms control?

The first step has been taken. With its votes on the future of the military budget, the Congress has joined President Reagan in launching a program to rebuild America's defenses. Without that decision, nothing else could be accomplished. We have ended our vain attempt to retreat to isolation and have started on the long march back to security.

When I mention the figure of 9 months as a timeframe, I am suggesting only an estimate, a target, a hope, not a promise or a deadline. The intellectual problems ahead are formidable, and bureaucracy has its own tempo.

What are the implications of this immense decision for arms control policy?

I believe it is now possible and desirable for us to resume the search for balanced and verifiable arms control agreements. While we must not permit the vicissitudes of the negotiating process to interfere with the restoration of our second-strike nuclear capability and our conventional force posture, we must reexamine the chief elements of our policy with regard to strategic and long-range theater nuclear weapons—an effort which, in the strategic area, should take at least 9 months or so—and then proceed forthwith to the negotiating table. Our policy will be to accept only agreements that contribute positively to our own security and to the stability of the state system. The linkage we seek between Soviet behavior and arms control should not be merely a transitory or isolated Soviet action—the sight of a dove upon the troubled waters—but the restoration of world order sustained by deterrence. The process of seeking arms control agreements should play a positive part in that effort.

I should like now to list the questions I believe we must address in reexamining our policy for the control of nuclear weapons.

SALT II Treaty. The first item on the agenda, obviously, is the SALT II Treaty still technically before the Senate. Should it be renegotiated or should we proceed on what is loosely called the agenda for SALT III? Before we act, all aspects of this important subject should be studied with care by all concerned in the executive branch and the Senate and discussed with our allies.

The Administration has reached no conclusions on this subject, beyond the conviction that the SALT II Treaty is deeply flawed and should not be ratified in its present form. We should make a fresh start in seeking both arms control and arms reduction; and we should choose the course that will contribute most positively to the goals I have identified in the earlier parts of this statement—allied solidarity behind regional programs of containment in the Atlantic area, the Middle East, the Far East, or elsewhere as circumstances may require. From now on, I suggest, we should have a new acronym—not SALT but START, for strategic arms reduction talks.

Verification. I shall recommend a fundamental review of the whole problem of verification, monitoring, and Soviet compliance with arms control agreements and of our policies concerning them, perhaps including talks on the subject with the Soviet Union when our internal review has been completed. The possibility of reasonable SALT, or rather START, agreements and other arms limitation agreements depends on the ability of each party to verify compliance with full confidence. Given the closed nature of the Soviet system and the increasing complexity of nuclear and other highly technical weapons systems, we can never expect that weapons verification in the 1980s will be as simple a problem as the verification of the Rush-Bagot agreement. But the discussion of the issue during the active debate on SALT II during the last 3 years has left me, for one, deeply concerned about our capacity to verify Soviet compliance and to monitor developments in Soviet nuclear capabilities. Obviously, if nuclear arms limitation agreements do not reduce uncertainty about each side's arsenal, they can do little to improve security.

Data. Similarly, I believe that we must examine once again the perennial problem of the data used in arms control negotiations with the Soviet Union. Until now, the data have been supplied almost entirely by the United States. While there was some improvement in this area during the SALT II negotiations, the Soviets must be more forthcoming in the provision of data in future negotiations, as the North Atlantic Council concluded in its Rome communique a few weeks ago.

Nature of Agreement. We must consider the nature of the arms control agreement we want. Should we seek a comprehensive agreement or a relatively simple one? One for a period of years or one of indefinite duration, like the ABM Treaty? What should we be trying to limit or reduce? The number of deployed launchers? There is now serious concern that this approach is no longer adequate. Should we try to limit or reduce the number and types of missiles? The number and power of warheads on missiles? Their throw-weight? In this connection, we should recall former Secretary of State Rusk's incisive comment that there is no use building a dam halfway across a river. These questions have to be answered satisfactorily in order to produce an overall measure or measures of capacity and scope which could serve as the foundation for effective arms limitation agreements.

Theater Nuclear Forces. How should the difficult question of theater nuclear forces be approached? The history of that issue is complex, and positions have changed. It is a problem on which allied opinion is of quite special significance. Here, as on many other sensitive issues, we should move only after full consultations with our allies.

Strategic Deterrent. President Reagan has made the strengthening of our strategic deterrent one of his major defense priorities. This step is indispensable to the possibility of meaningful arms control. How can we best integrate our strategic force acquisition and arms control policies? How can we hope to achieve the President's goal of deep and reciprocal reductions in strategic nuclear weapons? I have little confidence in the "bargaining-chip" style of negotiations. On the other hand, we know from long experience that the Soviet pattern of negotiations rests on the principle of "nothing for nothing." We should never again defer actions essential to our security in the hope that the Soviet Union will follow suit. That approach has been followed, and it has failed. Equally, we should refuse to settle for cosmetic or ambiguous agreements and resolve to persevere in our armaments programs whether the news from the negotiating table is favorable or unfavorable.

Will it be possible to negotiate and verify a dramatic and equitable cut in each side's arsenal—to achieve a real breakthrough in the mad spiral of arms accumulation? Such proposals have been made from time to time—notably by Paul H. Nitze in 1971 and by George Kennan a few weeks ago. Under present circumstances, such an approach might be feasible, perhaps by starting with the largest missiles. No American Administration could reject such a possibilty out of hand, despite the fact that President Carter's arms reduction proposals in 1977 were abruptly dismissed by the Soviet Union.

The world is becoming so unstable, war is so frequent, and the spread of nuclear weapons is gaining so much momentum that agreements which now seem hopelessly quixotic may well become practical politics. I, for one, devoutly hope so. All I can say on this subject is that we shall study and explore all reasonable approaches to the goal of arms control and arms reduction and pursue the most promising with all the energy and imagination at our command.

A. I haven't given very much thought to that particular question there, the subject about them not signing that treaty or, on the other hand, how many countries do we know that have signed it that very possibly are going ahead with nuclear weapons. It's, again, something that doesn't lend itself to verification.

It is difficult for me to envision Israel as being a threat to its neighbors. It is a nation that, from the very beginning, has lived under the threat from neighbors that they did not recognize its right to exist as a nation.

I'll have to think about that question you asked.

Q. What do you think the proper role of the United States is in preventing the spread of nuclear weapons and nuclear weapons technology?

A. Our position is—and it is unqualified—that we're opposed to the proliferation of nuclear weapons and do everything in our power to prevent it. I don't believe, however, that that should carry over into the development of nuclear power for peaceful purposes. And so, it increases the difficulty, if you're going to encourage the one, because you have at least opened a crack in the door where someone can proceed to the development of weapons.

But I'm not only opposed to the proliferation of nuclear weapons, but, as I've said many times, I would like to enter into negotiations leading toward a definite, verifiable reduction of strategic nuclear weapons worldwide.

. . . .

Q. Every President since Dwight Eisenhower seems to believe that if the Soviet Union and the United States actually get into a shooting war, say, in Europe, it can't be contained and it would spread to a thermonuclear war, Do you agree?

A. It's a frightening possibility, and history bears it out. If we want to look for one little bit of optimism anyplace, the only time that I can recall in history that a weapon possessed by both sides was never used was in World War II—the use of poison gas. And possibly it was because the weapon was available to both sides. But the weapons are there, and they do extend to the battlefield use as well—the tactical weapons as well as the strategic.

And I have to believe that our greatest goal must be peace, and I also happen to believe that that will come through our maintaining enough strength that we can keep the peace.

Q. I ask the question, because I suppose that your defense stategy depends on whether you think if the Soviets invade Western Europe, a tactical nuclear war could be fought there and contained, or whether you think that it would spread inevitably to a thermonuclear exchange. What do you think?

A. I thought I answered it. I try to be optimistic and think that the threat of both sides would keep it from happening, and yet, at the same time, as I say, history seems to be against that, that there comes a moment in desperation when one side tries to get an advantage over the other.

. . . .

Q. As you know, the Israeli Government has made the threat that it might take military action to wipe out the Syrian missiles in Lebanon. If that were to be done against our wishes, would you consider that a violation of the terms of the laws under which the Israelis have obtained those weapons?

A. This one's going to be one, I'm afraid, that I can't answer now as to how—I would hate to see this happen. They're defensive weapons. There's no question about the direction in which they're aimed. I'm speaking now of the Syrian weapons. This would end our prospects for trying to bring peace to Lebanon, I know.

We're going to use every effort we can to see that they, on either side—that there isn't a firing of those missiles.

. . . .

Q. Secretary Haig, as you know, announced in China today that the United States is lifting its ban against lethal weapons sales to the People's Republic of China. I want to know if you would explain to the American people why you've decided to help the People's Republic of China rearm militarily and how you think the Soviet Union will react to your action?

A. I don't know how the Soviet Union will react, but all we have done is—with the People's Republic of China we've wanted—and I've said for a long time—to improve relations with them, move them to the same status of many other countries and not necessarily military allies of ours, in making certain technology and defensive weapons available to them. And I think this is a normal part of the process of improving our relations there.

. . . .

Q. You said earlier that you strongly oppose the proliferation of nuclear weapons. Yet at the same time, you are asking Congress to waive an American law so that Pakistan, which has refused to sign the Nuclear Nonproliferation Treaty, can receive $3 billion in American aid. Do we have any assurances from Pakistan that they will not seek to build an atomic bomb?

A. Let me just say with regard to Pakistan—and I won't answer the last part of the question—we have had a long-time treaty with Pakistan in a mutual aid pact. But Pakistan is also in a very strategic position now in view of what has happened to Afghanistan. And I believe it is in our best interest to be supportive of Pakistan.

. . . .

Q. How do you assess the current situation in Poland? And the second part of that is whether the warming up of relations, especially in the strategic military area with China, has any connection in your mind with events in Poland?

A. No, I don't see any connection between China and what's going on in Poland. I think the Poland situation is going to be very tense for quite some time now. The Soviet Union is faced with a problem of this crack in their once Iron Curtain and what happens if they let it go. But on the other hand, what is going to be the impact if they take a forceful action? The impact on the rest of the world, I think, would be tremendous in the reaction that would come from all the—

Q. The point of my question was that there was a list being made up by the Pentagon of weapons which might be supplied to China in the event that the Soviets invaded Poland. There has been a connection drawn by General Haig and others that one way to deter the Soviets in Poland is to make it clear that they might have to pay by increased American aid to China. Does that exist in—

A. These might have been contingencies that were discussed. Certainly they are not policy in our Administration.

Q. Returning once to that question of lifting of the lethal arms sales shipments to China, does that affect in any way our relationship with Taiwan, and if so, how? Does that move us in any direction either to or away from the government of Taiwan?

A. No, and I have not changed my feeling about Taiwan. We have an act, a law, called the Taiwán Relations Act, that provides for defensive equipment being sold to Taiwan as well as other things in the relationship. And I intend to live up to the Taiwan Relations Act.

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Text from Weekly Compilation of Presidential Documents of June 22, 1981.■

Vice President Visits Paris and London

Vice President Bush departed Washington June 23, 1981, to confer with French and British Government officials. He was in Paris June 24–25, in London June 25–26, and arrived back in Washington June 26. On June 27 he went to California to meet with President Reagan.

Following are statements the Vice President made in Paris after his luncheon with President Mitterrand at Elysee Palace, his new conference in London, and his news conference in California held after his meeting with President Reagan.

STATEMENT, PARIS, JUNE 24, 1981

I would like to very briefly characterize my discussion with President Mitterrand as frank, friendly, and constructive in establishing a better understanding of his government's policies and his understanding of the broad economic and foreign policy objectives of President Reagan.

We talked a lot about the economic situation. President Reagan is looking forward to meeting President Mitterrand. They will, of course, meet at the Ottawa summit and at Cancun, but we are very hopeful of another visit as well.

Of particular interest was our discussions regarding the upcoming Ottawa summit—my explanation of our Administration's economic intentions and goals with particular emphasis on the problem that is plaguing us and concerning our French friends, of interest rates. This is an area of particular concern, very articulately explained to me by President Mitterrand.

The subject of security problems in the Middle East was also discussed, and it is not an overstatement to say that we found many, many areas of agreement.

Our European allies are sovereign nations. The decisions on how they are governed rest with their citizens and with their elected representatives. However, the position of the United States on the subject of Communist participation in the governments of our allies is well known. This participation is bound to cause concern, but having said that, I do want to emphasize at the conclusion of these remarks that the talks were warm, productive, and I expect them to continue in that fashion throughout the day. I would be remiss if I didn't express my deep personal appreciation to the President of France for his extraordinary courtesy shown to me as Vice President of the United States.

NEWS CONFERENCE, LONDON, JUNE 26, 1981

Let me just say that we've had a very good visit, and I want to take this opportunity to thank the Prime Minister for an extraordinarily hospitable dinner last night, [British Foreign Secretary] Lord Carrington for his generous amount of time allocated to what I think was a very useful exchange of views. I leave here at the conclusion of a very quick trip—1 day in Paris, 1 day in London—with a renewed sense of confidence about the alliance. Our visit here has been most reassuring, and I hope that is reciprocal in every way. We covered, with Lord Carrington, almost—not every, but almost—every issue one can think of. I had an opportunity for a rather private visit with the Prime Minister and that also was most useful, most relaxed. I would be remiss if, before taking your questions, I didn't express my gratitude and my thanks to everyone involved in this visit.

Q. I assume you discussed the Middle East with Lord Carrington, who'll be the head of the Common Market initiative in the Middle East, and I was wondering what impression you got as to how active a role Western Europe plans to take in the Middle East this year and whether it conflicts with what the United States is trying to do.

A. Let me answer the second part first. I see no conflict at all. It is hard to quantify on something as difficult as the Middle East—a degree of initiative—but we see no incompatibility between the European Community initiative and the Camp David process.

Q. We've heard that there is an increasing amount of alarm being expressed in Washington about what sometimes is called the growing pacifist movement in Europe at the moment, particularly in West Germany and the Benelux countries, and, as you know, the Labor Party here is committed to unilateral disarmament. Could you give us your thoughts on that? Are you worried about that?

A. I don't think we're so worried about it because we do feel that the governments involved will keep NATO commitments. I think you're right that a concern has been expressed in the past on this subject, but I've seen nothing on this trip to alarm me and to make me go back with any heightened degree of concern on that.

Q. On the subject of real commitments, as you probably know, the British Government is moving toward a reduction in surface ships in its Navy in the Eastern Atlantic. Is there any concern that this will leave a gap in Britain's NATO commitment?

A. We're more inclined, I think, to look at the positive aspects of it, which show that in the face of financial difficulties here—just as we have them at home—the commitments are being kept. I expect that the question you most understandably ask will be discussed not by me in a public forum but by our Secretary of Defense and the Minister of Defense, and I expect these will be through negotiations accommodation. The thing to emphasize is not the negative aspects of this story but the positive aspects and that is that the United Kingdom is keeping its commitment.

Q. [Inaudible but the subject was the rapid deployment force in the Persian Gulf area.]

A. I think everyone who is here is familiar with the U.S. policy on this. I've been in multilateral diplomacy from time to time, and I've seen resolutions passed, come and go; nobody is going to

In sum, the United States has a broad agenda of specific arms control efforts and negotiations already underway or soon to be launched. The charge that we are not interested in arms control or that we have cut off communications with the Soviets on these issues is simply not true.

The approach I have discussed today stands in a long and distinguished American tradition. We are confident that it is a serious and realistic approach to the enduring problems of arms control. The United States wants a more secure and a more peaceful world. And we know that balanced, verifiable arms control can contribute to that objective.

We are also confident that the Soviet leaders will realize the seriousness of our intent. They should soon tire of the proposals that seek to freeze NATO's modernization of theater nuclear weapons before it has even begun, while reserving for themselves the advantages of hundreds of SS-20s already deployed. They should see that the propaganda campaign intended to intimidate our allies and frustrate NATO's modernization program cannot and must not succeed. Arms control requires confidence, but it also requires patience.

Americans dream of a peaceful world, and we are willing to work long and hard to create it. This Administration is confident that its stance of patient optimism on arms control expresses the deepest hopes and the clearest thoughts of the American people.

It is one of the paradoxes of our time that the prospects for arms control depend upon the achievement of a balance of arms. We seek to negotiate a balance at less dangerous levels but meanwhile we must maintain our strength. Let us take to heart John F. Kennedy's reminder that negotiations "are not a substitute for strength—they are an instrument for the translation of strength into survival and peace."

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[1] Press release 233.■

Secretary Haig Visits China: Attends ASEAN and ANZUS Meetings

Secretary Haig departed the United States June 10, 1981, to visit Hong Kong (June 12–14), Beijing (June 14–17), Manila (June 17–20) to participate in the foreign ministers' meeting of the Association of South East Asian Nations (ASEAN), and Wellington (June 21–23) for the 30th meeting of the ANZUS (Australia, New Zealand, United States pact) Council. He returned to the United States (Hawaii) on June 23 and on June 25 was in Los Angeles to report on his trip to the President.

Following are the Secretary's remarks and news conferences made on various occasions during the trip, as well as the text of the communique issued at the conclusion of the ANZUS meeting.

BANQUET TOAST, BEIJING, JUNE 14, 1981[1]

Nearly 10 years ago, it was my pleasure to visit your country, and I am proud to have participated in the historic renewal of contacts between the United States and the People's Republic of China. Our rapproachement was based on strongly held national interests, and the intervening years confirmed that judgment. Contacts between our two nations have grown, friendship has flowered, and mutual advantage has been served. Our relations are now firmly based on the joint communique that normalized our diplomatic ties.

Four American Presidents—including President Reagan—have attached the highest importance to the development and expansion of friendly relations with your government. Our cooperation serves our mutual interests—it is essential to peace and stability, not only in the Asia-Pacific region but also to the world. I have come to China in recognition of this fact.

Chinese-American cooperation is all the more important today, when we confront serious threats to peace and tranquility, your statesmen have been warning of the dangers of aggression for some time. You have long argued for concerted action to prevent such dangers.

President Reagan has pledged that the United States, working with its allies and friends, will act with courage and consistency to resist aggression. In this effort, the United States considers China to be a close and valued friend. Our national interests are parallel in many respects; our policies can often complement each other. We regard China's strength, security, and well-being as fundamental to the global balance that is the basis for our own security.

The President is committed to the steady strengthening of our relations. It was my honor today to explore with you ways to achieve this objective. I look forward to further discussions, both with you and other Chinese leaders in the days to come.

In this spirit, I propose a toast to the health of China's leaders; to your health, Mr. Vice Premier; and to growing friendship and cooperation between the peoples and governments of our two countries.

BANQUET TOAST, BEIJING, JUNE 16, 1981[2]

I arrived here in the spirit of friendship born of common interests. American policy and Chinese policy are both rooted in an objective appraisal of strategic realities. My discussions with you, with Vice Chairman Deng, Premier Zhao, Vice Premier Geng, Vice Premier Bo, and others have confirmed that our appraisals of the international situation are, indeed, very similar and, therefore, that the prospects for our bilateral relations are bright.

We have achieved this convergence of views despite the fact that our peoples seek collective well-being and individual fulfillment on different paths. But neither of us seeks to extend our economic or social systems by force, and our relations are based on mutual respect. Thus I am convinced that with patience and far-sighted statesmanship the differences history has bequeathed us can be peacefully resolved. As we proceed to build closer ties based on our common interests, we stand together in our desire to work toward a world order based on equality and mutual respect among nations.

In the 1980s, the prospects for such a world order are under challenge. From one end of Asia to the other—in Kampuchea, Afghanistan, and the Middle East, in Europe, in Africa, in Central America and the Caribbean—the hard-won independence of smaller nations is in jeopardy. Our talks have shown that Americans and Chinese can work together to oppose efforts by other nations to achieve global or regional hegemony. It is imperative that we continue to consult closely with each other as well as with our respective friends and allies. The United States is committed to do so.

During my visit, I assured China's leaders that we intend to develop our relations in accordance with the joint communique on the establishment of diplomatic relations between us. This visit was of unusual significance. It enabled us to dispel misapprehensions and to convey the resolve of the United States, under President Reagan's leadership, to further expand cooperation between our two nations. During the past 3 days, a solid basis has been laid for significant progress in every field—in economic and technological cooperation, in defense, and in the development of common approaches to international issues of mutual concern.

On many of the key international issues of the day our policies and positions complement each other and are very closely aligned. We share the conviction that the future of Poland, Afghanistan, and Kampuchea must be determined by the peoples of those countries. Where aggression has occurred, we stand together with the peoples of the occupied nations in demanding an immediate, complete, and unconditional withdrawal of all foreign forces.

My discussions with you and other Chinese leaders over these last few days have been among the most productive of my experience. I am confident that China—and the United States—will do what is necessary to insure that independent nations—great and small—can pursue their aspirations for a better life in peace. These talks have advanced our ability to coordinate our efforts in every sphere to this end.

I will bring this important message to the next stop on my journey—the meeting of the foreign ministers of the Association of the South East Asian Nations. The ASEAN governments lead the international efforts to turn back foreign-supported aggression in Southeast Asia. They seek a region free of great power rivalry, a goal supported by both the United States and China.

In my meeting shortly thereafter with our allies in the South Pacific, I shall tell them that China and the United States share with them a common determination to preserve the peace of the Asian-Pacific region.

Finally, I will report to the President and to our allies and friends that U.S.-China relations are strong and improving.

It is now my honor to propose a toast: to the health of all the Chinese leaders with whom I have held such fruitful talks during my visit; to the health of all here tonight; to the friendship and close cooperation of the United States and China; and to world peace.

NEWS CONFERENCE, BEIJING, JUNE 16, 1981[3]

I came to China to clear the air, dispel some misapprehensions, and convey the President's desire to inject new momentum into our bilateral relationship with China. Specifically, I came to discuss with leaders of China major developments in the global strategic environment, regional issues of mutual concern, and some bilateral questions.

My discussions over the past 3 days have been unusually productive. They confirmed the importance we attach to high-level contact with the leaders of the People's Republic. They also bore out my expectation that we face important opportunities for moving our cooperative ties with China on to a new plateau.

With regard to international issues, it is apparent that the strategic realities which prompted reconciliation between the United States and China more than a decade ago are more pressing than ever. U.S. and Chinese perceptions of the international situation have never been closer. Our common resolve to coordinate our independent policies in order to limit the Soviet Union's opportunities for exploiting its military power has, likewise, grown stronger. It is clearer that China appreciates the steps taken by President Reagan to restore our military power, reinvigorate our alliances and ties to friendly nations, develop equitable relations with Third World countries, and place our economy on a sound footing.

With respect to regional issues, we found that we shared objectives on virtually all issues, even though our tactical approaches may differ on some. Naturally, much of our discussion focused upon the challenges posed by the Soviet Union and its proxies in Afghanistan and in Indochina. We shared a common determination to prevent the pressure of other events from deflecting attention away from this twin strategic challenge. Our objectives in both areas coincide—above all, in our resolve to press for the complete withdrawal of foreign military forces from Afghanistan and Kampuchea.

On other issues, where our approaches differ to some extent as in the Middle East and southern Africa, the discussions were useful in narrowing the range of disagreement.

On bilateral issues we made genuine progress. Regarding Taiwan, I explained that the unofficial relationship which has characterized the contacts between the people of the United States and the people of Taiwan since normalization of relations with the People's Republic of China will be continued, and this was understood.

I underscored our intent to promote the evolution of our bilateral relations with China on the basis of principles embodied in the joint communique on normalization. We discussed a number of specific ways in which cooperation can be expanded to our mutual benefit.

- I conveyed the President's intent to treat the People's Republic as a friendly nation with which the United States is not allied but with which it shares many interests.
- I informed them of the Administration's intent to introduce legislation amending U.S. laws which lump the P.R.C. with the Soviet bloc.
- I outlined some changes in export control procedures which we hope will facilitate expanded trade with China.

There were a number of other more specific results of these discussions.

- I extended, on behalf of President Reagan, an invitation to Premier Zhao Ziyang to visit the United States. Premier Zhao accepted the invitation and will visit our country sometime next year. Premier Zhao also reconfirmed his invitation to President Reagan to visit the People's Republic.
- As you may know, some of our oil companies have been concerned about possible problems of double taxation because of the way the Chinese tax code

to withdraw Soviet forces immediately and promptly from Afghanistan. More intensified pressure in that direction, I think, is in order, although all of the Western world, all of ASEAN, is united on the necessity to do that.

In the case of Kampuchea, here again this is combat-related, conflict-related. So there again, the withdrawal and return to self-determination by the peoples of Kampuchea would clearly resolve that problem.

So we get to the real heart of your question and that is Vietnam and the Vietnamese boat people who are really the consequences of the internal economic and living tragedies, which really have been aggravated somewhat and are related clearly to the diversion of resources and efforts in Kampuchea but also involve a number of other essential political reforms internally. We don't feel it is our role to tell a nation how to conduct itself internally but we do have a right, when their actions bring hardships to us, to bring it forcefully to their attention politically, diplomatically, and, if necessary, economically.

Q. As the United States develops a more substantial relationship with the People's Republic of China, do you feel that it should seek from Beijing certain assurances—firm assurances—that China will not again create trouble for non-Communist countries in Southeast Asia; for example, by prevailing upon Beijing to cut its links—its party-to-party links—with Communist-led insurgent movements in Southeast Asia?

Foreign Minister Kusumaatmadja. We have made known our view of the subject you mentioned to the Chinese but not through the United States. Through our friends—also directly because we prefer to deal directly—because there is some contact going on through the United Nations in New York and they know our views and we have communicated to them, either through our friends or directly. But not through the United States.

Foreign Minister Rithauddeen. First of all, I would like to say that we have made ourselves clear—Malaysia—with regard to party-to-party contact of our unhappiness to the Chinese on this, because it would hinder the further enhancement of our bilateral relations.

But with regard to the question of relations between the United States and China, this is a matter for the United States and China to develop good relations—we like to see good relations developed between one country and another country. I think this is what we like to see in the world today, that every country should have good relations with one another. I think we should encourage it, particularly between the United States and China. But as far as relations between Malaysia and China, this is a matter that we must bring up bilaterally with China. We hope that China will see the need that good relations exist between all countries in ASEAN, and we hope that good relations will continue in the years to come.

Q. Will the United States provide military assistance to the united Kampuchean front? And if so, do you believe that the arms supplies to the united Kampuchean front, as well as the economic, political, and military pressures on Vietnam, will help in a certain way to solve the Kampuchean problem?

Secretary Haig. I know of no decision nor do I know of any suggestion of a decision which would lead to the provision of U.S. arms to the united front resistance movement in Kampuchea. So the answer to your question is no. It's been U.S. policy that we will provide and continue to provide humanitarian support to the tragic human consequences of this Vietnamese intervention, and we have continued to do that. We will lend our political support to the efforts of ASEAN with respect to that subject. As I have mentioned, I will participate in the U.N. conference on this topic with great enthusiasm and with the full level of the support that I can render to ASEAN in their efforts in the regional context to bring forcefully to Hanoi's attention the urgency of dealing with this question constructively.

Q. Both Indonesia and Malaysia are notable pillars of nonalignment in this block. There are signs—very definite signs—that Vietnam and the Soviet Union and a number of other supporters will not participate in the meeting in New York. I wonder if you would comment on what you think the nonaligned movement then should be after the New York meetings, if the situation is not resolved there?

Foreign Minister Rithauddeen. We are members—Malaysia, Indonesia, and Singapore—of the nonaligned movement. From what we can see the temperature of the resolution that we had last year—35/6—and I would say that a good preponderance of nonaligned members supports the resolution. I would reckon that from what I can see—from the last that we heard—62 countries have responded positively on attending the international conference on the 13th of July and this is not yet the last figure. I would imagine more countries will participate, and these are reflecting support on the issue of Kampuchea. There is a tremendous support from nonaligned countries.

ARRIVAL STATEMENT, WELLINGTON, JUNE 21, 1981[7]

This is the first visit that I have had an opportunity to make to New Zealand, and I have been looking forward to it with great enthusiasm, both in the context of New Zealand-American bilateral relationships, and in that context, I very much look forward to seeing the interim Prime Minister as soon as I can. I am here, as you know, for the 30th ANZUS meeting, and I think this durable trilateral relationship, which is designed to integrate and coordinate foreign policies and security policies of the three member states, has by its own durability confirmed its utility. I look forward while I'm here to discuss with the other two governments global, regional, and relative bilateral matters of mutual concern. Now we are here, the American delegation, first and foremost to listen and to learn from the other two member states of the region, whose sensitivity to, and feeling for, the realities of this vitally important region are much more finely tuned than our own, and so we look forward to learning while we are here.

It's a great, great pleasure for the U.S. delegation and I know I speak on behalf of all of them and my wife to be here and we look forward to a very good stay.

DINNER REMARKS, WELLINGTON, JUNE 2, 1981[8]

It is a great honor to participate in such a distinguished gathering of friends, allies, and kinsmen. Although this is a festive occasion, I must begin upon a note of sadness—New Zealand's very distinguished Brian Talboys has indicated his intention to retire. This is most regrettable, but I can tell him that when I retired I found my services more in demand than I had expected.

In fact, you see before you one of America's most popular speakers. The media in the United States have been tremendously impressed with my mastery of the English language. For instance, there was an article just a short while ago in a Washington newspaper on "Haigspeak." The author pointed out that my speeches, when read from the text were excellent—articulate, well-organized, and thoughtful. But when I departed from the text—off-the-cuff—my speech became inaudible to the human ear. Now there is a profound lesson here, and I explained it to my speechwriter as I fired him.

Last June Foreign Minister Talboys reminded his fellow countrymen—and all of us—that we live in a world dominated by change and uncertainty. "But," he said, "in the great battle of political ideologies and principles that divide it, there is no doubt that New Zealand's place is on the side of those who share the belief in freedom and democracy that New Zealanders cherish."

Here are two themes that might be adopted by us all: appreciation of the realities, the dangers, and the opportunities of this world and certainty that we who believe in freedom and democracy must rally together to perserve our principles. And I would propose tonight that we add a third theme: the free association of like-minded peoples in the best guarantee of freedom and democracy. Our participation in ANZUS has taught us the value of these three themes and I would add a comment on each of them.

Let there be no doubt that we confront a dangerous international situation. The dangers, however, should not blind us to the opportunities, especially the opportunities that can be created through our joint collaboration. Let us begin with the brighter side for a change. We can take some encouragement from developments in the South Pacific and Oceania.

Democracy prevails in the South Pacific. The assistance, advice, and participation of New Zealand and Australia have been of vital importance to the new countries in the region and their organization—the South Pacific Forum. The United States is also seeking to help the continued peaceful development of the islands. Finally, we are pleased to join with Australia and New Zealand in assisting the programs of the South Pacific Commission, a commission that has fostered economic development in the island countries for over three decades. And for more than four decades this area has been free of major conflict, a fact that has surely been perpetuated by the close consultations among us.

Unlike the South Pacific, the situation in Southeast Asia can only be described as dangerous. The cause of this danger is simple: Vietnam seeks control over the whole of Indochina and does so with the support of the Soviet Union. We have had important talks here and in Manila on this subject and the threat to the other countries of the region. But even in Southeast Asia, the free association of nations truly interested in peaceful progress is yielding important results. The five independent, non-Communist countries of ASEAN have cooperated successfully together for over a decade. They have developed a high degree of mutual tolerance, eliminating many of the traditional frictions that impeded even bilateral cooperation in the past. This tolerant reconciliation of differences—the spirit of ASEAN—has facilitated remarkable political, social, and economic progress.

ASEAN does not function in a vacuum. Strong economic, educational, and technical assistance has been provided to its five members by the ANZUS governments. Perhaps most importantly, ANZUS itself contributes to an international environment where promising experiments in cooperation can flourish. The United States, Australia, and New Zealand have consulted closely to insure the maximum effectiveness of their support for ASEAN. These bilateral and collective relationships have undoubtedly bolstered the self-confidence and stability of the members.

These few remarks about the situation in the Pacific and Southeast Asia can lead to only one conclusion: The dangers have not paralyzed us; we have worked together for our principles; and our free association has helped the progress and stability of the region.

Yet there is something more about ANZUS we may be inclined to overlook. An observer once described diplomacy as a talk, followed by a duel, followed by a pact. We have our pact; but we have never had a duel. This spirit of cooperation, this regard for the common benefit, makes ANZUS an uncommon association. Secure in our past accomplishments, let us rededicate ourselves to the security of our future accomplishments together.

JOINT COMMUNIQUE, WELLINGTON, JUNE 23, 1981

The 30th meeting of the ANZUS Council was held in Wellington on 22 and 23 June 1981. The Rt. Hon. B.E. Talboys, C.H. Minister of Foreign Affairs of New Zealand, the Rt. Hon. D.S. Thomson, Minister of Defence of New Zealand, the Hon. A.A. Street, Minister of Foreign Affairs of Australia, and the Hon. Alexander Haig, Secretary of State of the United States, represented their respective governments.

Opening the meeting, the Minister of Foreign Affairs of New Zealand noted that the previous meeting, scheduled to be held in New Zealand in mid-1980, had been held early in Washington following the Soviet invasion of Afghanistan. The heightening of international tension, he said, had enhanced the significance of the alliance and added to the importance of high-level consultations among the ANZUS partners and other allies on issues of international security. He stressed that this was a time for the ANZUS members to stand together.

The Council members agreed that the Soviet invasion and continuing occupation of Afghanistan was a direct violation of the fundamental principles governing international relations. The Soviet action remained totally unacceptable to the international community and constituted a serious threat to global and regional stability and to the independence of all states. The treaty partners agreed on the urgent need for the withdrawal of the Soviet forces and the achievement of an early political settlement in Afghanistan. The Council noted that the treaty partners had responded with firmness to the Soviet intervention. The Council also noted that the Soviet Union had been left in no doubt of the grave consequences for international peace and stability that would arise from any intervention in Poland. The Council members reaffirmed their belief that Poland should be left to settle its own affairs without outside intervention. The treaty partners agreed to continue to consult closely over their policy towards the Soviet Union.

The Council members, acknowledging the obligation on each treaty partner to maintain and develop its individual and collective capacity to resist armed attack, reviewed military cooperation by the partners since the last Council meeting. They noted with satisfaction the close consultation that had occurred on defence policy initiatives to help meet the Soviet challenge. The Council noted the heavy requirements for safeguarding Western security interests in the Pacific and Indian Oceans and noted in this regard the increased naval deployments into the Indian Ocean region which had been made by the United States and Australia on an independent national basis following the Soviet invasion of Afghanistan. The United States Council member noted the benefit to United States and allied interests of B-52 surveillance of the Indian Ocean. Some B-52 aircraft conducting low-level navigation training missions over Australia were now staging through

Q. I was not along on the trip and I did not hear the statements, but I read them in the newspaper, and my question is, in the U.N. debate, with Ambassador Kirkpatrick [U.S. Permanent Representative to the United Nations] taking part, and the reactions that came from various parts of the country, did two of your spokesmen speak out with or without your approval when they were critical of Ambassador Kirkpatrick's action?

A. I can assure you that they not only—to the degree that they were accurately portrayed in the article—they were not only proceeding without my authority, but they were proceeding along lines which were not representative of the facts. And I've already made my position very, very clear on that; and I think it's not an uncommon event in this town, and I think it's important we put it behind us, because it is not representative of reality.

Q. While we were on that trip to China and the Far East, some important developments occurred in France. The new President of France, Mr. Mitterrand, installed the four Communists in his Cabinet. There seems to be some difference of opinion within the Reagan Administration as to whether—as to how serious an event that was. The Vice President, when he was there, simply said it was of some concern to us and dismissed it. The State Department put out a statement saying that the tone and content would be affected, the tone and content of relationship with France and the United States would be affected by this. How will the tone and content of our relations with France be affected?

A. First, let me make it very, very clear that there is no difference of opinion in President Reagan's Administration on this subject. Every statement that has been made was cleared and discussed with the President personally, and I can assure you that it doesn't mean that every spoksman poll-parrots every particular line, and it's clear that there's a total consistency. And we are concerned, as we have been historically, since the Second World War with this subject. On the other hand, it's important we also recognize that this is an internal French matter. It's up to the French people to decide the composition of their government.

Having said that, we make no excuses or no bones about our concern. Why? It's simply a fact of life that Communist regimes, whether thay are closely affiliated with Moscow or not, pursue policies which are not consistent with those of the Western family of nations.

Q. Yes, but what's the point of publishing it?

A. But the future will decide.

Q. What is the point of publishing—as you say, it is a fact of life; they are installed; France is an ally—what good does it do to say, "We're disappointed in you. We don't like what you're doing"?

A. It does a great deal of good. In the first place, it has been the consistent policy of the U.S. Government since the Second War, with every President making this clear. You will recall it in the Italian situation some 2 or 3 years ago, and it is very important for that reason that all of our Western European partners faced with the same decisions know that these decisions are not favorably viewed here in Washington.

Q. Can I take you back to the Middle East? Is there any thought in this Administration—do you intend to delay further the sale, your decision on the sale of AWACS [airborne warning and control system] to Saudi Arabia?

A. Precise timing is a question which will ultimately be decided by the Senate leadership. I do want to assure you, however, there is no question about our intention to proceed with the sale. We feel this is vitally important, not only for U.S. regional objectives in the area but also for our future relationships with Saudi Arabia.

Q. But you may delay it further? I mean, Senator Laxalt has suggested that you delay it further. Are you considering delaying it past July?

A. We're in the process now of developing the arrangements under which the sale will be made, and we think it's very important that these arrangements be known and understood by those who have reservations about that sale. We've asked them to be patient. And I think that is a major consideration on timing, as is the judgment of our senatorial leadership, who are, after all, going to have to carry this battle forward.

Q. So can I conclude from that answer that there may be further delay?

A. Of course, you can, but it will not be substantial, and it will not change the intent of the President to proceed with this sale.

Q. What would happen if the sale were rejected by the Congress? What would be the effect on our relations with Saudi Arabia and the oil we buy from them?

A. I don't view it in the context of oil. I don't think our Saudi friends or the dialogue that we've been conducting with them has been associated with that vital issue. What we are concerned about is the security of that oil, and the contribution that AWACS would make to insuring that security. And secondly, what we are interested in is our overall regional security, which we've been working so intensely on, and the contribution AWACS will make to that.

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[1] Press release 211 of June 30, 1981. ■

U.S. Policy on Namibia

by Chester A. Crocker

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on June 17, 1981. Mr. Crocker is Assistant Secretary for African Affairs.[1]

Namibia is an issue to which this Administration has devoted enormous energy and one whose resolution we consider of considerable importance to the achievement of peace in southern Africa.

This Administration took office only days after the Geneva conference reached a total impasse. At that time, the South African Government indicated that it was not willing to agree to a date for the implementation of U.N. Security Council Resolution 435. Various theories have been put forward to explain the position the South African Government took. I think it is clear that Pretoria had become increasingly uncertain throughout 1980 about the desirability—from its standpoint—of implementing the U.N. plan for Namibia. That uncertainty was based upon the South African Government's analysis of a number of factors changing the southern African scene—distrust of the United Nations' ability to play an impartial role, concern over the future political direction of an independent Namibia, fears arising from the election results at the time of Zimbabwe's independence, and domestic political considerations. Some have suggested that the results of our own election here in the United States encouraged the South African Government to take the stand it did at Geneva. I believe the facts and the realities show that to be illusory. The negotiations had reached an impasse over unresolved issues.

Results of Review

When this Administration took office we recognized the importance of finding an internationally acceptable solution to the problem of Namibia. In fact, since then it has been perhaps the single African issue to which I and others in the Department of State have devoted the most time. We began with an exhaustive review of the negotiations which the Carter Administration had undertaken, the situation in which we found ourselves, and policy directions which we might undertake to achieve our desired objectives. Some key results of that review include the following:

- We recognize that the people of Namibia have the right to self-determination.
- We recognize that the search for that self-determination has involved a complicated negotiation process symbolized in Resolution 435. We have no intention of usurping the United Nations' role or departing from the U.N. context; however, we cannot be constrained by a rigid adherence to the letter of Resolution 435 if, by so doing, an internationally acceptable settlement in Namibia is impeded rather than aided.
- We are fully aware that the continuation of the conflict in Namibia complicates our relations with black Africa at a time when there appears to be more and more common ground between black Africa and the West. We attach major importance to U.S. interests in Africa as a whole, and we have no intention of permitting such issues or the behavior of third parties to impede our growing cultural, political, economic, and strategic links with the nations of Africa.
- We are well aware that our Canadian, British, French, and German allies in the contact group have significant interests at stake in Africa based upon their involvement in the Namibia negotiations. The solidarity of the contact group allies remains a basic ingredient in the elaboration of a settlement.
- Finally, we recognize the inescapable fact that Pretoria holds the main key to a settlement and, therefore, must have a minimum of confidence in any settlement if it is to be implemented.

Consultative Process

Over the past 5 months, we have engaged in an exhaustive consultative process with the various relevant actors, including our contact group [France, Federal Republic of Germany, United Kingdom, United States, Canada] partners, the front-line states [Angola, Botswana, Mozambique, Tanzania, Zambia], and Nigeria, and with South Africa. That was the purpose of my trip to Europe and Africa in April. It was the primary purpose of Pik Botha's [South African Foreign Minister Roelof F.] visit to Washington in May, and it is the context within which Judge Clark's [Deputy Secretary William P.] trip to Cape Town, Windhoek, and Salisbury took place during June 10–13.

The central purpose of the review and consultative process has been our attempt to determine whether enough

Chester A. Crocker was born in New York City on October 29, 1941. He received his B. A. from Ohio State University, graduating (1963) cum laude, with distinction in history. He received his M.A. (1965) and Ph.D. (1969) from Johns Hopkins University's School of Advanced International Studies.

Dr. Crocker served as Director of African Studies at Georgetown University's Center for Strategic and International Studies from January 1976 until 1981. He directed research and policy analysis involving experts and leaders from the executive branch, the Congress, universities and foundations, the private sector, the media, and from African and other nations. He first joined Georgetown University in August 1972 as Director of the university's Master of Science in Foreign Service Program, serving concurrently as Assistant (later Associate) Professor of African Politics and International Relations. While at Georgetown he was also a consultant to the Department of State, the CIA, the Army War College, the Murphy Commission, the Rockefeller Foundation, and private firms.

Dr. Crocker's other professional experience includes work as news editor of *Africa Report* magazine (1968–69), lecturer in African government and politics at American University (1969–70), and staff officer at the National Security Council (1970–72), where he coordinated interagency policy studies and action papers involving Middle Eastern, African, and Indian Ocean issues.

During the past 15 years, Dr. Crocker has lectured, written, and consulted on a broad range of international issues, especially those involving Africa. His research and writings have appeared in numerous books, newspapers, and journals, including the *Washington Post, Orbis, The New Republic, Africa Today, Foreign Policy, Foreign Affairs,* and the *Washington Quarterly.* He is the coeditor of *South Africa into the 1980s*, a book published in 1979.

Dr. Crocker was sworn in as Assistant Secretary for African Affairs on June 9, 1981.

Antisatellite Weaponry. Continued Soviet efforts to develop and test antisatellite weaponry underline the importance of possible technological breakthroughs which could revolutionize the problem of security as much as the nuclear weapon did. We must examine the potential impact of a whole range of technological developments both on our defense programs and on our arms control policies. Given the difficulties of monitoring what goes on in the Soviet Union, we must ask ourselves whether limitations on such systems as antisatellite weapons are feasible and in our security interests.

ABM Treaty. The Antiballistic Missile (ABM) Treaty comes up for review in 1982. I take it as obvious that the review should not be *pro forma* but searching.

Nuclear Nonproliferation. What about the proliferation of the nuclear weapons and the future of the Nonproliferation Treaty? I commented earlier in this statement on the significance of proliferation both as a consequence and as a cause of the breakdown of world public order. I have little to add here. If a strengthened nonproliferation policy is to be successful in containing the spread of nuclear weapons and explosives, it must be dealt with in the overall context of international security.

It must be dealt with also in the context of the world energy problem and of President Reagan's commitment to the peaceful uses of nuclear energy. Our nonproliferation policy should fully accept the energy security needs of our allies and other countries. The experience of the last few years should teach us that policies that fail to recognize legitimate energy security needs cannot succeed.

Finally, our nonproliferation policies need to reflect realism, commitment, and flexibility—in particular, a recognition that dealing with proliferation is a shared reponsibility. We cannot try to impose our policies on others; we can, however, constructively commit the United States to a position of leadership in a truly international effort at reducing the incentives and opportunities for proliferation while working to develop nuclear energy for peaceful purposes at home and abroad.

I intend to take a strong role in supporting U.S. nonproliferation efforts and in meeting ACDA's statutory responsibilities in this important area.

U.S. Alliances. Finally, what is the role of arms limitation negotiations and agreements in deepening the solidarity of our alliances throughout the world? I believe that role is fundamental. As the Western world has reluctantly come to recognize the expansionist nature of Soviet policy, people have become more fearful about the possiblity of war, and particularly of nuclear war. This heightening of anxiety is altogether natural and reasonable. People want to be certain that their governments are doing everthing possible to reach fair agreements with the Soviet Union and exploring every rational opening for peace, especially in the arcane and rather forbidding area of arms control.

It follows, I believe, that we should enlarge the practice of consulting with our allies on the problems we face in our bilateral arms control negotiations with the Soviet Union and continue the successful practice of working together in multilateral negotiations. The more we and our allies understand each other, the stronger our alliances will be—provided, of course, that we pursue reasonable policies!

On that footing, I suggest, we should put a great deal of emphasis on effective and realistic programs of public information and education. The Soviet Union has scored several quite unnecessary propaganda victories in recent years by exploiting the horror of nuclear war. The purpose of those propaganda campaigns is clear: to separate the United States from its allies and to discourage Western rearmament. I shall press for information programs that fully recognize the importance of the political, psychological, and ideological dimensions of security. Peace with freedom cannot be achieved without the discipline of power. But a balance of power does not of itself guarantee peace.

Conclusion

The heart of the dilemma of our foreign policy is that the Soviet Union is not seeking a few border changes but is challenging the system of peace we have known since 1945. The issue was recently stated with compelling force by the Deputy Prime Minister of Singapore, Sinnathamby Rajaratnam:

> Unless the Soviet challenge is made the core of the U.S. foreign policy and met with the same resolve and sense of realism the Soviets bring to their cause, then a Pax Sovietica is a high probability in the 1980s. . . . That is not what we in Asia want, but if that is the only item on the shelf, that is what we will have to settle for.

I believe that President Reagan can succeed in his ambitious program of coalition diplomacy to renew and restore the system of peace. I am an optimist, although I do not believe that men are likely to become angels very soon. But I believe that the NATO allies, Japan, Australia, New Zealand, Israel, Egypt, and a number of other countries, pursuing a rational policy of containment, should be able to convince the Soviet Union that the imperatives of survival in the nuclear age demand strict and reciprocal respect by all nations for the rules of world public order governing the international use of force. Fair and verifiable arms limitation agreements can help to fortify that conviction once it is established and to protect it against temptation, as the Rush-Bagot agreement has helped since 1817 to defeat impulses and pressures hostile to good relations among the United Kingdom, Canada, and the United States.

Despite the long history of disappointment with the results of arms control negotiations, the peoples of the West continue to support such efforts with tenacity and faith—sometimes with excessive faith. The firmness of their faith bespeaks one of the finest and most powerful themes of Western civilization: our devotion to the ideal of law. The quest for disarmament treaties is meaningless except as part of a larger quest to bring international society under the control of an effective and universal system of international law. We are people of the book and people of the law. In the Arms Control and Disarmament Act, the Congress declared that it is "an ultimate goal of the United States" to subordinate the international use of force to the rule of law. This is a goal we can't help seeking. On this contracting and interdependent planet, where modern science offers mankind both infinite promise and infinitely hideous dangers, the course of law is the most promising foundation for the national security of the United States. I assure you that my efforts in the office will be directed by the compass of the law. The rule of law has been the guiding principle of my life. It is too late for me to change now.

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[1] ACDA press release 1. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Policy Toward Western Europe and Canada

by Lawrence S. Eagleburger

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on June 2, 1981. Ambassador Eagleburger is Assistant Secretary for European Affairs.[1]

I welcome this opportunity to discuss with you U.S. relations with West Europe and Canada. I look forward to meeting with you next week to review our relations with the Soviet Union, Yugoslavia, and the nations of Eastern Europe. Your main interest is U.S. policy.

- What are the priorities of the Reagan Administration?
- What major problems do we face?
- What have we achieved so far?
- What issues lie ahead?

You want, in short, the lay of the land and a look ahead. To that end, I will outline the following dimensions of U.S. diplomacy:

- Our overall framework for action;
- Our overriding concern for the military security and economic well-being of the transatlantic community; and
- Our clear commitment to good bilateral relations throughout the region.

GENERAL FRAMEWORK FOR U.S. FOREIGN POLICY

Any discussion of U.S. policy toward West Europe and Canada must be put into broader perspective. The Reagan Administration has made clear that the nation is now launched on a new beginning. We are proceeding, with a renewed sense of purpose and direction, to restore American leadership and to achieve a world free from threat or use of force.

President Reagan and Secretary Haig have designed a foreign policy with four main points:

First, our insistence on restraint and reciprocity in East-West relations;

Second, our determination to strengthen our alliances, particularly NATO;

Third, our intention to play a constructive role in the developing nations of the world; and

Fourth, our fundamental resolve to strengthen our economy and our defenses.

Each of these four points bears on U.S. relations with West Europe and Canada—directly or indirectly. And each concern relates to the others. Without progress on the President's economic reform program, we cannot marshal the resources for increased defense capability. Nor can we manifest the leadership needed to renew the North Atlantic alliance. Without a resolute demonstration of collective will among the allies, we cannot build the basis for constructive East-West relations. And, without cooperation with the other nations of the transatlantic community, we cannot address the underlying problems of developing nations—problems which are significant on their own terms and which can provide openings for Soviet adventurism.

But, with balanced, consistent, and reliable emphasis on the four pillars of the Reagan Administration's policy, we can achieve progress. That progress toward the common defense and common welfare can serve not only our national interests but also those of Canada and the nations of Western Europe.

DEFENSE OF THE WEST

The Reagan Administration considers restoration of Western defense capability and allied cohesion an overriding priority. It is in concert with our NATO partners that U.S. foreign policy can achieve full effectiveness. The Atlantic alliance has stood the test of time. It has preserved the security of the United States, Canada, and Western Europe. And, based as it is on shared values and a common heritage, it will continue to play this essential role.

The Administration, as one of its primary goals, has tried to lay the foundation for an improved relationship with its allies. The meetings of NATO foreign and defense ministers in May marked important steps in this direction. The

Lawrence S. Eagleburger was born in Milwaukee on August 1, 1930. He received his B.S. degree from the University of Wisconsin (1952) and, after serving as a First Lieutentant in the U.S. Army (1952–54), earned an M.S. degree (1957), also from the University of Wisconsin.

He entered the Foreign Service in 1957 and was assigned to Honduras until 1959. He served as Political Analyst for Cuba in the Bureau of Intelligence and Research in the Department of State until 1961. Following Serbo-Croation language training, he was assigned to the economic section of the U.S. Embassy in Belgrade (1961–65). Mr. Eagleburger returned to the Department of State to join the Secretariat staff dealing with European affairs and then became special assistant (March-July 1966) to former Secretary of State Dean Acheson during the latter's special assignment as Adviser to the President on Franco-NATO matters. His next position was that of Acting Director of the Secretariat Staff.

In October 1966, Mr. Eagleburger joined the National Security Staff and was responsible for European affairs. He became Special Assistant to the Under Secretary of State in October 1967.

From November 1968 until January 1969 Mr. Eagleburger was assistant to Dr. Henry A. Kissinger in New York during the presidential transition; he then became Executive Assistant to Dr. Kissinger at the White House. In September 1969 he was assigned to the U.S. Mission to NATO in Brussels as Political Adviser and Chief of the Political Section. From August 1971 to January 30, 1973, Mr. Eagleburger was Deputy Assistant Secretary of Defense for International Security Council Affairs, Policy Plans, and National Security Council Affairs; until May 25, 1973 he was Acting Assistant Secretary of Defense for International Security Affairs. He became Deputy Assistant to the President for National Security Operations in June 1973 and served in that position until the following September when he was named Executive Assistant to Secretary of State Kissinger. In 1975 he became Deputy Under Secretary of State for Management.

Mr. Eagleburger was sworn in as U.S. Ambassador to Yugoslavia on June 10, 1977, and became Assistant Secretary for European Affairs on May 15, 1981.

Ambassador Eagleburger has been awarded the Department of Defense's Distinguished Civilian Service Medal (1973) and the President's Award for Distinguished Federal Civilian Service (1976).

inflict upon governments external force. That is not our goal with the rapid deployment force, but we have many friends in that area and we have obligations in that area and I, again without being Pollyannish about it, am not inclined to look for difficulty over a resolution. We will do what the President of the United States and our Secretary of Defense has indicated, and if there is cooperation here so much the better. But I wouldn't read too much into multilateral pronouncements. We take them very seriously, but we also have strong bilateral relationships in the area, and we have commitments that involve international waters, for example, where we act within international law and that could well encompass certain parts of this rapid deployment force concept.

Q. Is there any link between the agreement now to put American troops into the Sinai area being enforced and plans for, say, a rapid deployment force?

A. No, I wouldn't say there is linkage. I'd look at this Sinai force as a step toward peace, a fulfillment of the Camp David accords which we feel very strongly about.

Q. If I may look back at your visit to France, I see that Mr. Cheysson has spoken of an error of evaluation on the part of the U.S. Administration about the presence of Communists in the government. Could you comment?

A. In the first place, the story I read today was quite inaccurate, talking about a statement made after I left Paris—Mr. Cheysson's interview—unless there was another one. It took place on a radio station—one of these drive-time radio stations—before I left, and, very frankly, as is his style—and very courteously I might add—the Foreign Minister discussed this statement with him, and I've indicated over there the U.S. position. I just have a feeling that when all sides understand each other that there won't be in the French situation the complications that some might think. You had a more specific part to your question, and if you'd ask it again I'll try to be a little more specific.

Q. Could you comment on Mr. Cheysson's reported remarks in a radio interview that there was an error of evaluation "by the United States Administration about the composition of the French Government"?

A. I think that there was a very helpful effort by President Mitterrand and by the Foreign Minister to explain exactly what it is they were doing in this regard, and I would not plead guilty to any error of evaluation. I do think that given the time they gave me to explain this the best thing would be not to fully air it here but to go back and discuss with our President and our Secretary of State the position explained to me in great detail by President Mitterand and by the Foreign Minister. I don't think that there is an error of evaluation on our part. I do think that they were very forthcoming and that the most confidential discussion we had, when their positions are explained and evaluated, that it will be very helpful to our government. I would not plead guilty to any error of evaluation.

Q. Why is it taking your government so long to get into arms limitation talks with the Russians?

A. I am not sure it's taking so long. This is a good opportunity to explain our view. In the first place, you have noted in theater nuclear forces a willingness to negotiate. On strategic arms limitation, the President's views—you've got to go back to the campaign, because there is an odd thing about this President; he intends to do what he said he would do and keep his word to the American people. What he said he'd do is to be prepared to negotiate and to negotiate for a reduction in nuclear weapons and one that is totally verifiable. We have not been enthusiastic about SALT II; that's very well known. That's something that in our country was just a matter of continuous discussion. That does not mean, however, as some of our friends think here and at home, that we are not prepared to negotiate. The President also, when he talks about negotiation, does feel that there should be a wide array of subjects to be negotiated. There is another point and that is that we are determined to correct the trends that have set in—the adverse trends—in terms of military strength. I can't give you a definitive date or time, but I can tell you that there is nothing changed in the President's willingness to talk along the broad lines that I have outlined here today.

Q. The European Community has put forward a proposal for negotiations with the Soviet Union on Afghanistan. Do you think there should be any linkage between those talks that come about and theater nuclear forces discussions?

A. I would refer you, I think, to the Community on that initiative and to see their views. But as it was explained to me, there was no linkage foreseen; that is an EC initiative. The answer to your question I think should best come from them.

Q. There have been reports that the United Kingdom is seeking logistical facilities with the rapid deployment force from Pakistan as part of the new military aid package to that country. Would you like to comment?

A. No, I would not like to comment on that.

Q. On the question of Namibia which you discussed with Lord Carrington, how do you reconcile your Administration's seeking some kind of preelection constitutional agreement with the Security Council plan which the five Western partners still support?

A. Our view was that our plan would advance Security Council Resolution 435. Our plan is that what we want is a settlement in Namibia, and we want some progress. We have already passed a resolution—435—but we felt in taking the initiative that we did, admittedly with not too much success, that we were advancing the cause of settlement, not obstructing it. It does seem to us, and I believe that the United Kingdom would agree with this and I know others agree with it, that there has to be some guarantee of constitutional rights. That was what we were trying to do at the United Nations. I was Ambassador at the United Nations and, without being too critical, we passed many resolutions there where everyone knew nothing was going to happen. This contributed to the irrelevance of the United Nations in some ways. I made a speech on this in New York before the U.N. Association 2 or 3 weeks ago. Now I am more of a critic of the United Nations than I was there but I'm more of a supporter. Our support, which is not personally what I think, but the U.S. Government support can be much greater if we feel that the United Nations can take meaningful multilateral initiatives, do something that's going to effect something. That, in fact, is what we were trying to do rather than simply reiterate an old position. I really think we're trying to bring things forward in what we were doing there at the United Nations.

Q. Did the subject of Northern Ireland come up in your talks?

A. Yes. During the course of yesterday, I had a good explanation of the government's position on that. I think everyone here is familiar with the U.S. position.

Q. Since last September talks have been going on in Madrid on European security. Do you think this exercise has been productive from the Western point of view and how much longer is the United States prepared to allow it to continue?

A. I'll be honest with you. I don't know the answer to your question. I don't know how—I can't quantify the degree of the productivity of that meeting. I'm sorry, I just can't help you on it, and it's a lack of reading up on it.

Q. We've heard various versions, namely from Israel, about the United States knowing that Iraq is working on an atomic bomb or knowing that it isn't. What did the United States know, and when did it know it?

A. Again, I feel that we said at the United Nations, in this instance really, all that constructively needs to be said about that event. I don't think it would be useful to go into a charge and countercharge, to be more responsive to a very penetrating question on who knew what and what papers—alleged papers—that are classified said or didn't say. I don't think I can be helpful to you on that. The United States, as you know, took the position in condemning an act that it did not approve of. I'll leave it there, and that probably says quite a bit about all the facts to the case.

NEWS CONFERENCE,
POINT MUGU NAVAL AIR STATION,
JUNE 27, 1981

I just had a good visit at the ranch with the President—reported to him on our trip to France and to England, filled him in on a visit that I had with Phil Habib [Philip C. Habib, the President's special emissary to the Middle East], who flew back with us from England with a very brief stop in Ireland. Then we discussed a little bit of our forthcoming visit to the Philippines which, in a sense, is ceremonial, but also I will be having bilateral meetings with the Prime Minister of Thailand, I believe with Lee Kuan Yew of Singapore, and probably the Foreign Minister of Japan, Mr. Sonoda. We talked about those forthcoming meetings, and that was the purpose for my visit here. I'll be glad to respond to a few questions.

Vice President Bush and French President Mitterrand. (White House photo)

Q. What did you tell him about the Communist participation in the French Government and how we should relate to it and what should be our policy?

A. We have a policy and that is not to intervene in the internal affairs of France. We expressed concern. I had a long, very frank, very cordial discussion with the President of France. The U.S. Government has stated its position, and there's no point in restating its position.

France is a strong ally of the United States, and we're going to work closely with France. That's what I'm sure the President wants, and that's the way it's going to be.

Q. There's an open wound with the U.S.-French relations now. The Minister of France for External Affairs has said, in so many words, "please mind your own business."

A. I think France probably would prefer that we not express concern about what they view as an internal matter. Our concerns relate to external matters, and I don't happen to believe there's any open wound. And I'll bet you President Mitterrand doesn't believe there's an open wound. Everybody's positioned now on this question. I can tell you I've had a very long visit not just with him but with the Prime Minister and with the Foreign Minister, Cheysson, and I just don't happen to agree that there's any open wound. There may be a little difference here and there, but some of it's their business and some of—if it has international aspects and affects U.S. policy then it's ours.

Q. [Inaudible] the U.S. position is "unacceptable."

A. Don't believe that without seeing it in the total context. I talked to him at length, and if he's changed his position within the last 48 hours, all I can do is tell you what it was like when I was there. And I just can't believe that he feels that our overall relations with them are unacceptable or what position he doesn't accept—I just don't believe it.

Q. What can you tell us about the progress, or the lack thereof, of the Habib mission?

A. I really would prefer for Phil to mention it, but you know, in the first place the President feels, and I concur totally, that Phil Habib has done a very, very good job. He went there with that whole situation very, very tense and I'm not suggesting that the matter is resolved, but I think he deserves a great deal of credit for the diplomacy that he performed in lessening tension. I don't think there's no end in sight on this thing, but I do believe that he is owed a vote of thanks so far for keeping the matter defused.

There's a lot of discussions with him that I'm sure the Secretary of Sate will is written. I raised these concerns, and Bo Yibo welcomed my suggestion that U.S. tax experts visit China to discuss the matter, which is of potentially great significance to future foreign investment in oil exploration.

- With respect to economic cooperation, the Chinese and we agreed to hold the second joint economic committee meeting, headed by Treasury Secretary Regan and Vice Premier Bo Yibo, in China this autumn.
- Bo Yibo also responded positively to the suggestion that a separate joint U.S.-P.R.C. commission on commerce and trade be established and agreed to consider a specific proposal at an early date.
- I said in Hong Kong that I was not coming to China on an arms selling mission. But we did agree that exchanges between our respective defense establishments would continue to expand. And Vice Chief of the PLA [People's Liberation Army], Liu Huanqing, will bring a delegation to the United States in August.
- With regard to consular matters, we reached agreement on an exchange of notes that will enable the P.R.C. to open an additional consulate in New York and the United States to open one in Shenyang.

Because of our heavy schedule of official discussions, my colleagues and I had no opportunity to explore the world-famed classical attractions of Beijing. That extremely pleasant experience fell to my wife, who visited the Palace Museum, Great Wall, Ming Tombs, Summer Palace, and an experimental elementary school. She was also particularly pleased to have had an opportunity to meet with Madame Kang Keqing, Vice Chairman of the National People's Congress and Vice Chairman of the All-China Women's Federation.

I would also like to pay tribute to the many Chinese friends and American colleagues who worked so hard and so effectively to assure the success of this visit. I believed it was unusually significant and successful. It foreshadows the prospect that President Reagan's Administration will be marked by a major expansion of Sino-American friendship and cooperation.

Q. You said the Chinese understood your policy on Taiwan. Did they accept it?

A. I think the issue is best explained by the words that I used. They understand it.

Q. Were you able to assure the Chinese that the United States will not sell advanced fighter planes to Taiwan, or what position did you take on that question?

A. It is clear that the subject of arm sales to Taiwan is a very sensitive issue with the People's Republic of China, and these issues were discussed. But this is neither the time nor the place to go further into that matter beyond the statement I have just made.

Q. Did you discuss with them what to buy, or is that something that will occur when the Deputy Chief of Staff—is that who you said is coming to Washington?

A. The PLA's joint staff. Clearly there were discussions revolving around this subject, but, as I emphasized in Hong Kong and continued to emphasize during the visit, we were not here to discuss the details associated with the provision of armament sales or arms-related technology. I would anticipate that this will be explored in some depth by the Chinese delegation that will visit Washington. As I have emphasized repeatedly in the past, each issue will be dealt with on a case-by-case basis following the necessary coordination with affected allies and with the American Congress.

Q. Did you have any answer for them on these computers that are being held up at the Pentagon?

A. No, I don't know which computers you're talking about. You're talking about the census-related computers; that issue has already been resolved. It was before we came.

Q. What was the resolution?

A. They will be provided. We're talking about the census computer.

Q. You said there's going to be the effect of relaxation of trade restrictions. Could you give us an idea of what items the Chinese will be able to buy that they wouldn't have been able to buy before, and what items they may, in fact, be interested in purchasing?

A. That's very difficult to be specific on. I would say, in general, there would be substantial loosening up of dual-use technology. That's the common phrase used to describe some high technology items. It will remain to be seen what the Chinese side might be interested in, and then again we would deal with each request on a case-by-case basis. No, in the context of armaments unless it's arms-related but on a case-by-case basis within the established procedures in the bureaucracy. But the instructions to the American bureaucracy have already gone out, and they will have the effect of loosening up former restrictions maybe in the order or magnitude as twice as loose.

Q. I don't understand the term dual-use technology.

A. There are a number of computer-related and electric-related items which have an application in both the commercial and potentially the military field and that's the area where usually there's most sensitivity in COCOM [Coordinating Committee for East-West Trade Policy] and other restriction areas.

Q. Before you came, China said it would make a strong response if the United States continued to sell weapons to Taiwan. After your discussions here, what is your understanding? Will they make a strong response to continued weapons sales?

A. I've said that this is a very sensitive issue here, and we conducted some discussions on it. I think both sides understand one another, and that's far enough.

Q. Has a decision been made in connection with the visit of the Deputy Chief of the Joint Staff to Washington that the United States is ready to provide or sell lethal arms or nonlethal or some kind of military equipment other than technological equipment to China besides specific items? Has a policy been made that this man would come to Washington to discuss what he might be interested in buying?

A. Basically munitions-list restrictions will be removed in general and specific Chinese requests will be considered in conjunction with appropriate consultation with affected allies. That means, in general, that there is a loosening up over what has been previous policy which was affected by munitions-list restrictions.

Q. Are you able to outline in general terms what type of equipment you are talking about?

A. I would view that this question serves no useful purpose to get out ahead of reality. We may find that the Chinese side is not particularly interested in arms purchases. We may find that it is interested in some arms that would be imprudent to provide at this juncture. On the other hand we visualize the evolution of this relationship that will be slow and measured and prudent and that would represent close coordination by both parties. That doesn't answer your question because the question can't be answered, but it does give you some general guidelines on approach.

Q. Are you thinking in terms of having China in a category such as now regards Yugoslavia which obviously still regards itself as a Communist country but is eligible for certain end items?

A. With, of course, the special individuality of the People's Republic of China being the overall criteria as well.

Q. Did you get any specific indication from the Chinese that they too felt that these meetings were unusually productive? I ask that because the close reading of Foreign Minister Huang Hua's response to your toast indicates a slightly lower level of enthusiasm.

A. No, I don't presume to characterize the Chinese on this, but my discussions today made it very clear to me that they are pleased with the outcome of this visit as are we, that because of some of the atmospherics that preceded the visit that it was an exceptionally important and significant one, and I think from both of those points of view that it was a successful one and I merely refer to you—you know everyone reads what they want to read in a statement, and you can read the Vice Premier's statement a number of ways, but I think he described it as very successful. He described it as having deepened our understanding and yielding positive results. Now I don't know to tell you that it is not schooled in the People's Republic language that that's a significant term, positive results. In addition he said I congratulate you warmly for your successful visit—that's rather explicit. Again I wouldn't presume to put further words into their mouths but this was what has been said.

Q. The reason I asked you was for the previous phrase which is this point can never be overstressed which is that we must prove with our own actions that our relationship can stand fast.

A. Absolutely, and I don't know that anything about the outcome of this visit runs counter to that statement.

Q. You mentioned fulfilling the joint communique on establishment of diplomatic relations. You made no mention of the Taiwan Relations Act? What was said in your discussions about the Taiwan Relations Act?

A. I think I have already addressed Taiwan to the degree that it is appropriate to do it, and if you look at my original statement on it that will have to suffice.

Q. What was achieved in terms of security cooperation of some of the things you talked about Kampuchea?

A. I think it goes without saying that both the United States and the People's Republic of China have been extremely concerned about the situation in Afghanistan, its implications for future peace and stability in this region.

Clearly one of the discussions involved the importance of the security of Pakistan in this situation and the convergence of views with respect to the need to be sure that Pakistan has the ability to defend itself and to maintain its truly nonaligned posture. As you know Under Secretary [for Security Assistance, Science, and Technology James L.] Buckley has just returned from a trip to Pakistan where he continued with the discussions that I had launched with the Pakistan Foreign Minister in Washington several weeks ago and from all reports—and I haven't talked to Jim yet, but I will as soon as I get back to Washington—that was a very successful meeting which carried forward the discussions that I had with the Foreign Minister.

There is one area, rather specific, of mutual concern. It was discussed where a consensus of views was arrived at; now we are also equally concerned about the proxy forces of the Soviet Union emanating from Hanoi, 200,000 of whom are now occupying the neighboring state of Kampuchea. We feel that it is fundamentally important that these two issues not be submerged in the give-and-take of other international preoccupations—for example, Poland—and that major diplomatic and political efforts be applied to the regimes concerned to effect the prompt and total withdrawal of forces from both of those countries and to permit the people of those countries to determine their own future, free of external coercion.

Q. Can you outline in a little more detail what you mean by the major diplomatic and political efforts?

A. As you know there are—this will be a topic for example at the ASEAN meeting; the situation in Afghanistan but more importantly even in Kampuchea. As you know the U.S. Secretary General is sponsoring a meeting on this subject in the fall. A number of states have already agreed to participate in it. As you know Hanoi has recently attempted to deflect this international movement by attempting to convene a regional conference which both the People's Republic of China and ourselves consider to be no more than a ploy.

Q. Was there any agreement on helping to establish a united front, or united anti-Vietnamese front, in Kampuchea by the United States and China?

A. I think we have some differences of nuance on that issue, but we are essentially of one mind as a united front or a front that would be representative of the wishes and the aspirations of the Khmer people be formed and that free elections determine the ultimate outcome of the final regime there, and in no way could the current puppet regime established by Hanoi be representative of a popular government.

Q. Was there any discussion of the financing of Chinese military purchases in the United States or loans or soft finances?

A. No, but you'll recall when Vice President Mondale—I believe 1979 there was reference made to a $2 billion international loan which is still under active consideration and which I hope will be ultimately approved. There are some remaining technical difficulties with respect to the U.S. contribution to the international—what we call the Bretton Woods instrument.

Q. You mentioned political and diplomatic pressure being put on Hanoi and Kampuchea. Are you and the Chinese ready to do anything more than simply political and diplomatic pressure that has proved to be absolutely useless in the case?

A. I think there are a number of additional steps that can be considered and that have been undertaken; for example, the United States has been actively engaged in a very high level of economic support for the refugees. There are other activities which one can contemplate in the future. I don't mean to

Darwin to carry out Indian Ocean surveillance missions. The Australian and New Zealand Council members reaffirmed their commitments to enhancing their defence cooperation activities in the South East Asian and South West Pacific regions. The Council expressed satisfaction with the continuing program of exchanges, exercises and visits between the treaty partners, including cooperation—such as the recent Beacon South maritime exercise—taking place bilaterally and multilaterally outside the treaty context.

The Council members stressed their continued firm commitment to the goal of arms limitation through negotiations which could lead to effective, balanced and verifiable agreements, but also noted that this could not be a substitute for the necessary efforts which the West had to undertake to redress the adverse trend in the military balance.

The Council members emphasized the need to sustain efforts to prevent the further spread of nuclear weapons, and reaffirmed their commitment to strengthen the international non-proliferation regime.

The treaty partners welcomed the contribution which the Association of South East Asian Nations (ASEAN) had made to the peace and stability of the region since its establishment and reaffirmed support for its efforts in this direction. They noted particularly the impressive economic progress which had been made. They expressed their determination to continue to provide economic and technical assistance to the ASEAN member countries and agreed on the importance of maintaining close consultations with them on developments affecting the region. The treaty partners also welcomed the opportunities that had presented themselves for closer cooperation with the ASEAN member countries.

The Council members reaffirmed their support for the United Nations General Assembly Resolution 35/6 on Kampuchea, and called for further efforts to be made towards its implementation. The members expressed their appreciation for ASEAN's initiatives to attain a peaceful resolution of the situation in Kampuchea. They emphasised the need for an early political settlement reflecting the wishes of the Kampuchean people, which would result in a neutral, non-aligned Kampuchea which would not pose a threat to any of its neighbors. The Council members expressed their particular concern that any settlement should provide adequate guarantees of the security and territorial integrity of Thailand. To the end, they welcomed the forthcoming international conference on Kampuchea and expressed the hope that all parties would attend. Members further agreed to continue essential humanitarian assistance to the Khmer people. The Council noted the contribution made by ASEAN member countries in providing first asylum and processing facilities for refugees fleeing Vietnam, Laos and Kampuchea.

The Council noted with regret that in North Asia the Korean Peninsula remained an area of tension and armed confrontation. The Council welcomed the re-establishment of constitutional order to maintain its military commitments to the ROK [Republic of Korea]. The Council reaffirmed its support for the political integrity and international recognition of the Republic of Korea and called upon the Democratic People's Republic of Korea to take up the offer of direct dialogue with the Republic of Korea as the essential prerequisite to an easing of tension in the area.

The Council welcomed statements by the Government of Japan that its development assistance to the Pacific region would be expanded. The treaty partners considered the Japanese could play an important part in the overall economic development and continued stability of the region. They noted that Japan's increased political role in the region contributed positively to the region's affairs and expressed understanding and support for the Japanese policy of improving its self-defence capability while not seeking a wider regional security role.

The Council also welcomed the further improvement in China's relations with a number of countries in the region, and China's continued commitment to modernization and to a need for a peaceful environment.

The Council members reviewed developments in the Middle East peace process and discussed the role of the proposed Sinai peacekeeping force. They expressed concern at the continuing high level of tension and outbreaks of hostility in the region. They called for a determined effort on the part of all to move forward in a constructive search for a just and lasting peace.

Reviewing developments in the South Pacific, Council members expressed satisfaction that the region remained overall an area of peace and stability. The Council members reiterated their commitment to continue to cooperate with the South Pacific countries in support of a common interest in a secure and peaceful environment in which those countries could most effectively pursue their national policies. They welcomed the accession to independence of Vanuatu and the continuing expansion of self-government in Micronesia.

The Council members agreed that effective regional institutions were important to the region's progress. Specifically, they acknowledged the importance of the South Pacific Forum as a focus for discussion amongst heads of government of major issues affecting the area, of the South Pacific Bureau for Economic Cooperation in fostering common approaches to economic issues and of the South Pacific Commission in helping promote social and economic development in the island countries. The Council welcomed the steps taken during the past year to afford additional island governments direct participation in the activities of both the Forum and the Commission. Recognising that despite the achievements of recent years, many of the Pacific island countries remained vulnerable because of fragile economies, the Council members agreed to encourage, where appropriate, public and private sector economic development through aid, trade and investment. In this regard, the Council members welcomed the coming into effect of the South Pacific Regional Trade and Economic Cooperation Agreement in January 1981. The ANZUS partners reaffirmed their commitment to cooperate with the Governments of the island states of the South Pacific in pursuing economic and social development.

The Australian and New Zealand Council members emphasised the importance of successfully completing the negotiations on the Law of the Sea treaty and expressed the hope that the United States would shortly be in a position to participate actively in the concluding stages of the negotiating process. The United States member noted the Australian and New Zealand views and undertook to consult closely with its friends and allies as it determined its position.

The treaty partners discussed the prospects for the world economy in general, international economic development issues and the forthcoming Ottawa, Commonwealth and Mexico summit meetings. The Council agreed that the energy situation remained serious and that many non-oil producing developing countries in particular continued to face severe economic problems. The foremost among these were the widening of their balance of payments deficits and accumulation of debt which threatened to curtail severely their essential social and economic development programs. The Council noted that it was in the interest of developed states to address the economic development problems of developing countries, and to seek to ensure that they derived maximum benefit from participating in the international economic system. The maintenance of a cooperative and effective framework for the conduct of international trade and monetary affairs was also important. Council members acknowledged the need to ensure that the international financial institutions were able to make available adequate financial resources on appropriate terms to developing countries. They expressed their concern at the recent growth of protectionist pressures in many countries, and reaffirmed their commitment to the principles of free trade.

The Council agreed to hold the next ANZUS Council meeting in Canberra in 1982 at a date convenient to all members.

JOINT NEWS CONFERENCE, WELLINGTON,
JUNE 23, 1981

Foreign Minister Talboys. It's been my privilege and my pleasure to have the Secretary of State, Mr. Haig, and the Minister of Foreign Affairs from Australia, Mr. Street, with us for this 30th ANZUS Council meeting.

Like other council meetings, this one has benefited immensely from the presence of the Secretary of State. It has not always been possible for the individual bearing the responsibilities of that office to attend council meetings in this part of the world. But I'm delighted that Secretary of State Haig has been able to come because his presence, of course, adds immensely to the value of the discussions. He can bring that wide overview of the political and economic scene, and I know that Mr. Street joins with me in that appreciation.

Equally, though, of course, do I welcome Mr. Street on which is his second visit to New Zealand. Now that we have completed the work of the council, I will just inform you that today we were discussing Pacific island development, the Law of the Sea, prospects for the Ottawa summit, and North-South issues. A communique has been issued, and I hope that you have had time to have a look at it, and you can direct your questions to any one of the three of us.

Q. Just how important is Australia's participation in the Sinai peacekeeping force for American viability of that force? I ask you if you are confident that Australian reservations about participation can be overcome and are you confident that Australia will actually participate?

Secretary Haig. With respect to the first part of your question, we are still in the process of formulating the composition of the peacekeeping force in consultation with a number of potential participants. We have yet, as you know, to conclude the final agreement between Egypt and Israel on the force itself, although we've made great progress, and we are approaching the point where that agreement can be concluded in the very near future. I say that with the reservation that some unforeseen complication doesn't arise.

In that broad context we are, of course, very anxious to have participation in a very modest way from both Australia and New Zealand and to give a character to the force itself that we would hope would be achievable. But we have not felt that it was—we were at the appropriate time to make a formal request of the two nations to participate although they have, as a result of our discussions here, a clearer view of the scope of what we would be looking toward them for, in the way of a contribution, plus some additional observations of the importance of the peacekeeping process itself and the overwhelming desirability to continue with momentum in that process, which I think is achievable in this area, and will be achievable in the foreseeable future with respect to the autonomy talks themselves. So I think it would be premature to press for a—it's certainly inappropriate for me to make a forecast there are two foreign ministers here who can do that better than can I, but it would be premature to do so in any event until we can get a little further clarification on the overall composition of the peacekeeping force. At this juncture, it goes without saying we would be very anxious to have participation from both Australia and New Zealand, recognizing the difficulties here.

Q. There are reports in the New Zealand papers this morning that you disagree philosophically with the approach taken by the United States toward Vietnam; that you feel isolating Vietnam and making it into an international pariah would only tend to push it further into Moscow's arms. Could you discuss this?

Foreign Minister Talboys. The observation I would make is this: that what we are agreed upon is the need to find an early political solution to the problem. The continuation of the conflict has inherent in it the danger that the conflict could overflow into Thailand, and the continuation of the conflict necessarily means that Vietnam's dependence on the Soviet Union is likely to increase. What we are agreed upon is to support ASEAN in its search for a political solution; we will also be seeking to make our contribution to the international conference, which is to be called together on the 13th of July in New York, in the hope that through that conference we can speed the process of finding a political solution.

Q. On this trip you have been sounding the anti-Soviet theme, and I wonder if you could take a retrospective look on the three stops you have made so far and share with us your findings as to what extent you found a sympathetic ear on the anti-Soviet theme of the Reagan Administration here with the ANZUS council, ASEAN, and China.

Secretary Haig. It's somewhat presumptuous of me to speak for the hosts in all three [inaudible] you've cited, but I think it goes without saying that there is a general consensus that the greatest threat to peace and stability in the area has been the growing aggressiveness of, and encroachment of, the Soviet Union into the area, both directly and through proxy, and I did not find that as a matter of contention in any of the three sets of discussions that we conducted.

On the other hand, I think it's vitally important that we do not view the activities, especially those in Manila and here in ANZUS, in the context of a brittle East-West preoccupation. We have viewed a broad range of objectives in these discussions both in ASEAN and in ANZUS and focused on the desirability of economic development, the desirability of creating a climate and contributing to the creation of a climate in which peace, stability, economic growth, and development in the interests of the free peoples of the area be enhanced. A very important aspect of that is the dangers to that process that are the result of Vietnamese activity in Kampuchea, the extension of Soviet bases in Vietnam, and the increasing presence of Soviet naval and air forces in the region.

Q. Can I ask Mr. Street and Mr. Talboys that following their discussions with the U.S. Secretary of State, what Australia's position is on the Sinai peacekeeping force now and what New Zealand's position is like?

Foreign Minister Street. We were very interested to receive further clarification from the Secretary of State as to what he had in mind for the Sinai peacekeeping force, and I shall be reporting that back, of course, immediately for consideration in Australia. It's well known that we have been seeking further information that the Secretary of State mentioned as to the composition of the force—command structure and things of that kind. As he mentioned a minute ago, negotiations are still proceeding with the three countries immediately concerned—the United States, Egypt, and Israel. On that latter point we are still awaiting the results of that. But certainly the further information that we have received here will be taken into consideration by Australia, and I'll be reporting on it immediately.

Foreign Minister Talboys. I can add nothing to that. I mean, we are virtually in the same position, and we have benefited from the discussion we have had with the Secretary of State, and I shall certainly be reporting on those discussions to cabinet.

Q. I wonder if you could comment on the New Zealand case for increased access for its exports to the United States as an essential prerequisite of

common ground exists on Namibia within the changing circumstances of southern Africa to warrant our involvement with a renewed effort to reach an internationally acceptable settlement. We have done so because of southern Africa's growing role in U.S. and Western interests. But this Administration has a very full foreign policy agenda, the implication of which is that we will not engage ourselves in the Namibia equation if we feel the prospects for success are bleak. We have been frank with all of our interlocutors on these points. Our approach is realistic. The United States will not permit its energies, time, and credibility to be frittered away on a drawn out and fruitless diplomatic charade in southern Africa.

With this in mind, we believe that the key focus of our analysis is whether South Africa's concern over a settlement can be made congruent with an internationally acceptable settlement; one which uses Resolution 435 as its basis and is supported by the international community, in particular the countries of Africa. We believe that all those who share our goals will appreciate fully the care, the time, and the energy we have devoted to this issue to date.

Judge Clark's trip to Cape Town and Windhoek was another key step in this process. In Cape Town we held in-depth and intensive discussions over a 2 day period with senior officials of the South African Government, including Prime Minister P. W. [Pieter Willem] Botha, Foreign Minister Botha, and Defense Minister [Magnus] Malan. As a result, we believe we now have a much clearer idea of the South African Government's views on Namibia and on the region.

In Windhoek we met with all of the internal parties, including AKTUR, the DTA [Democratic Turnhalle Alliance], SWANU [South West African National Union], NIP [Namibia Independence Party], the Federal Party, CDP [Christian Democrat Party], SWAPO [South West Africa People's Organization] Democrats, and the internal wing of SWAPO. In these sessions we were able to appreciate directly the concerns of these various groups about the future of Namibia. A meeting with leaders of the major religious groups provided us with a unique insight into the human dimensions of the Namibian problem.

In Salisbury we had frank and friendly discussions with Prime Minister Robert Mugabe and other Zimbabwean officials in which we were able to define more carefully those areas of the Namibia situation about which the Zimbabwean Government has strong views and to explore future avenues in which we hope to move together on this and other issues. As a key southern African state whose successful development receives strong support from Washington, Zimbabwe is clearly one of our major interlocutors on the Namibia issue.

Internal Review

We now begin a period of intensive internal review of the information we have gathered. At the end of that period, perhaps by the end of June, we will make a judgment at the highest level on whether enough common ground exists upon which to build an internationally acceptable settlement. We recognize that Resolution 435 must be the basis for that settlement—a fact which we have underlined in all of our consultations. At the conclusion of the review, we expect to be in touch promptly with the relevant parties, both in the contact group and among the front-line states and South Africa.

I cannot prejudge what our decision will be, nor can I predict a timeframe for Namibia's independence if we choose to go forward. I can assure you, however, of our good faith in this exercise and the seriousness of purpose with which we continue to approach it.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

U.S. Response to OAU Criticism

DEPARTMENT STATEMENT, JUNE 30, 1981[1]

There have been a number of questions concerning our reactions to the recent Organization of African Unity (OAU) summit held at Nairobi, Kenya. I have a statement.

First, I would remind you of our statement at yesterday's briefing in which we applauded King Hassan's initiative on the Western Sahara and hoped that his proposals would lead to an early resolution of the problem. Our reaction to other developments at the summit are less positive.

We found the OAU resolutions on both South Africa and Namibia to contain serious distortions of the policy that we are actually pursuing in those areas and unhelpful contributions to our common efforts. It should be absolutely clear from our actions in recent months that the United States is firmly committed to pursuing an internationally recognized independence for Namibia. We continue to believe that U.N. Security Council Resolution 435 provides a solid basis for a settlement. Such a settlement can be reached only through negotiations with all involved parties, including South Africa. Our contacts with South Africa on that issue and on other matters of common interest in no way serve as the basis for suggestions, such as those in the OAU resolutions, that the United States is pursuing policies supportive of South Africa's racial policies or of its continued control of Namibia. Such suggestions are untrue, unhelpful, and do not advance in any way our mutual efforts in pursuit of peace and stability in southern Africa.

We are disappointed that the OAU summit did not condemn the clear violations of OAU principles in the intervention by Libya in the Chadian conflict and the occupation of Chad by Libya. We look forward to early installation of the peacekeeping force called for in Chad by the OAU so that the Libyans may be quickly withdrawn and so that peace and economic development may once again take root in that troubled land.

The OAU meeting decided to hold its 1982 summit at Tripoli, Libya. We note that it is traditional for the OAU to select the host head of state or government as its next chairman. If that tradition were followed in 1982, we would look upon it with deep regret, since we believe Libya to be a most inappropriate spokesman for the principles of peace and regional stability for which the OAU stands and which we wholeheartedly support. Libya's support for international terrorism, its intervention in the affairs of neighboring states—including its incursion into Chad—and its assassination campaign against Libyan dissidents abroad hardly qualify it to be the spokesman for Africa to the world.

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[1] Read to news correspondents by Department spokesman Dean Fischer.■

Strengthening U.S.-African Relations

by Chester A. Crocker

Address before the African-American Institute Conference in Wichita, Kansas, on June 20, 1981. Mr. Crocker is Assistant Secretary for African Affairs.

The subject of this conference, the attention it has drawn, and the degree of participation it has attracted are, I believe, directly related to the goals which we in the Reagan Administration want to achieve in our policy toward Africa. In foreign policy as in domestic policy, President Reagan has set some tough goals for this nation. To achieve them will require first that the American people understand them. And it will require a shared sense of what our nation's interests and priorities are, at home and abroad. To rebuild the image and, more important, the reality of a strong America also requires the cooperation of a broad spectrum of those institutions and groups which can draw upon the vitality and genius of individual Americans. And just as certain sacrifices will be necessary to achieve the domestic economic reforms we need, so must we make choices in the allocation of resources abroad. We live in an age where such choices cannot be avoided. But the challenge the President has set for us all is, I believe, both a necessary challenge and one that we can meet.

This conference is making a significant step in these directions. It has brought us together to enhance our understanding of a continent which is becoming increasingly important to the United States in the pursuit of our global objectives. It has brought us in the Reagan Adminstration together with our African friends and the business community of the heartland of the nation. We wish to work together to acheive our and Africa's objectives. We aim to be better prepared to meet the challenges to our shared interests in the decade of the 1980s. And we seek to harness with skill, creativity, and purpose the human and material resources of America and Africa.

To do so will require a renewed sense of purpose in our foreign policy so that we may project in Africa the same principles that govern our policies elsewhere. As Secretary Haig has stated them, those principles are: consistency in the pursuit of U.S. interests, reliability as a force for peace and stability, and balance in our approach to individual issues and the orchestration of policy. As a nation we can no longer afford a foreign policy that confuses the American public because it lacks coherence, that confounds our allies because it lacks consistency, or that comforts our adversaries through its vacillation or ineptitude.

While certain African problems and issues are unique to that continent, we ignore to our own—and Africa's—peril the geopolitical and economic realities that tie Africa to the international community in which we all exist. Africa is an integral and increasingly important part of the global competitive system. We did not cause this to happen. It is a reflection of the reality of African independence and a result of the abiding characteristics of world politics. Africa's leaders can have little confidence in an America that speaks with the condescension or paternalism of a bygone era. A mature U.S. relationship with African states can be an important force for international as well as U.S. national security.

U.S. Objectives

We began this Administration by setting forth what U.S. objectives in Africa should be.

- We seek to promote peace and regional security and deny opportunities to those who seek contrary objectives.
- We will support proven friends and be known as a reliable partner, in Africa as elsewhere.
- We want to maintain open market opportunities, access to key resources, and contribute to expanding African and American economies.
- We support negotiated solutions to the problems of southern Africa.
- We seek to expand that group of nations whose development policies produce economic progress and which have flourishing democratic institutions.
- We shall do our part in meeting Africa's humanitarian needs and in fostering basic human liberties in keeping with both our principles and our interests.

Meeting these objectives is, of course, no easy task. But we begin with several advantages. First, we have laid out objectives which we can all understand. Second, these objectives are in keeping with basic American values. The policies we implement will not conceal them. To do so would indicate our own lack of confidence in those values and principles for which we as Americans have long been admired. They are an integral part of the comparative advantage we as Americans and the Western world in general have in Africa.

Africa and Africans are already largely oriented toward the West. Yet that orientation, that advantage, cannot be taken for granted. Events of the last decade have proven only too clearly that the objectives we seek in Africa are increasingly threatened by political instability, external intervention, and declining economic performance. Soviet-Cuban and Eastern bloc intervention in African affairs, the presence of thousands of Cuban troops in Angola and Ethiopia, the presence of Libyan troops in Chad, and the massive transfers of arms by Eastern bloc nations all serve to undermine U.S. and Western interests in Africa and to thwart our and Africa's objectives. The globe's leading sources of destabilization are active in Africa. This Administration has no hesitation in stating that frankly, categorically, and for the record.

Nor do we hesitate in our belief that economic development, a central imperative for a continent which contains two-thirds of the world's poorest nations, cannot take place in an environment of instability or insecurity. In this respect, African nations are no different from other developing nations. Roads cannot be built, railroads cannot transport goods, wells cannot be dug, nor crops harvested when a nation is at war with itself or its neighbors. We will do our part in addressing Africa's security needs. We have already proposed to the Congress increased levels of security assistance to certain key African nations in support of our objectives in Africa and in the Persian Gulf. By defining carefully our interests and commitments and by backing them up in credible ways, we believe the United States, in concert with our major allies, can play a significant role in addressing Africa's security problems. We will stand together with our proven friends in Africa, offering them assistance and counsel rather than turning our backs on them in their time of need. To do otherwise would do injustice to our own values as a people, and it would prevent us from achieving our goals of peace, regional security, economic progress, and the expansion of human liberties.

solidarity, consensus, and mutual confidence achieved there provide a firm basis on which to build.

Early in the new Administration, the United States resolved to strengthen its economy; to bolster its military power substantially; and to provide active, confident, and consistent leadership in foreign policy in the context of close and genuine consultation. Our allies have welcomed this approach as an important contribution to a healthy alliance.

The central element in U.S. foreign policy, and one in which allied support is crucial, is the approach to East-West relations. The United States has been active in working to develop a shared allied perception of the problems and directions in East-West policy. At the NATO ministerial meetings, the alliance took significant steps toward forging a new consensus on a firmer, more realistic approach to the Soviet Union. This approach has several components, as outlined by Secretary Haig.

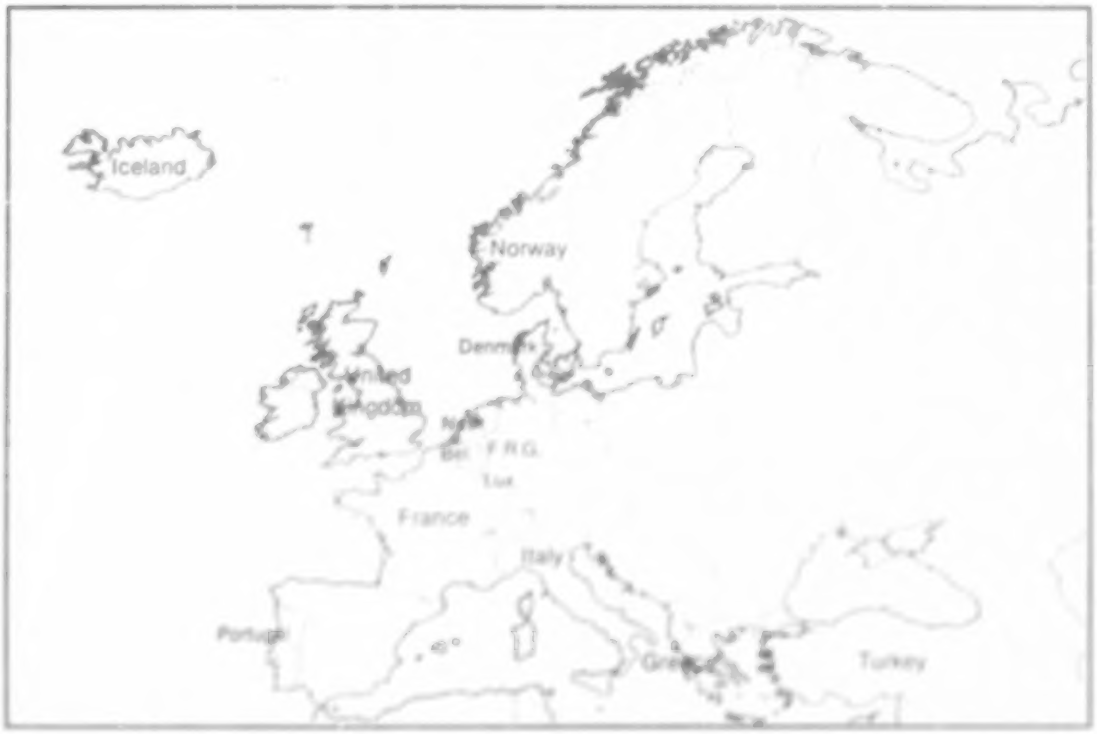
First, an insistence that Soviet restraint and reciprocity in East-West relations must be a key element. The communique for the NATO ministerial put the Soviets on notice that a stable and constructive East-West relationship depends on Soviet restraint. In the same document, the Soviets were warned that grave consequences would follow from any intervention in Poland. The alliance reiterated the unacceptability of the Soviet invasion and occupation of Afghanistan and called again for a withdrawal of Soviet forces.

Second, the alliance must be strengthened in order to restore the military balance. The NATO foreign ministers thus reaffirmed the decision made in December 1979 to proceed with theater nuclear forces (TNF) modernization. At the NATO Defense Planning Committee ministerial, the allies confirmed the standing allied commitment to the 3% formula for annual real defense spending increases and agreed to do their utmost to make available all of the resources needed to strengthen NATO's deterrent and defense forces. The United States and its allies will continue to work to improve NATO defense planning, emphasizing defense output as a standard in addition to the 3% benchmark.

Third, the United States and its allies intend to play an active and positive role in the developing nations of the world. The West has much to offer the developing countries in terms of humanitarian and economic assistance, aid in the peaceful resolution of international problems, and, when appropriate, assistance in deterring or defending against threats to their security. The United States and its allies recognize the global nature of the Soviet threat, whether it is exerted directly or through surrogates. The allies have expanded their horizons of concern beyond Europe because of appreciation for the fact that events outside the NATO area can threaten vital Western interests. However, a formal extension of NATO's area of responsibility is not necessary and not under consideration. We will strive for better consultation and cooperation among the allies on out-of-area concerns and for greater efforts, in accordance with the capabilities of members of the alliance, to meet threats in Southwest Asia and elsewhere.

Fourth, we will use East-West negotiations—while carefully assuring that the homework has been done so that U.S. and Western security interests will be served—as a means of achieving stability through restraint. The United States and our allies will maintain a dialogue with the Soviet Union. At the Madrid review meeting for the Conference on Security and Cooperation in Europe (CSCE), we and our allies seek to achieve substantive and balanced results leading to better implementation of CSCE provisions, including respect

North Atlantic Treaty Organization: European Members



The U.S. Government has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

NATO provides for the stationing of U.S. military units in Europe as part of a common NATO defense force in peacetime. Out of a total of 2 million active duty U.S. military personnel in 1979, 485,000 were stationed overseas. Of these the total number assigned in Europe was 300,000 of which 193,000 were U.S. Army personnel stationed in West Germany.

NATO's European Members: Belgium, Denmark, France,* the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United Kingdom.

North American Members: Canada, the United States.

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*France withdrew its forces from NATO's international commands in 1966 but remains a member of the alliance.

for human rights and enhanced security and cooperation. We support the French proposal for a conference on disarmament in Europe. The United States and our alliance partners favor realistic, balanced, and verifiable arms control. In this regard, the reaffirmation at the last meeting of NATO foreign ministers of both tracks of the 1979 decision on TNF assumes particular importance. That decision had two elements: deployment and arms control, which were to be pursued together. Since the decision, NATO plans have moved forward on TNF deployment.

The arms control element of the TNF decision is also moving ahead. At the Rome meeting of NATO foreign ministers, the allies welcomed the announcement of the United States that we would be meeting with the Soviets to begin negotiations on TNF arms control within the SALT [Strategic Arms Limitation Talks] framework by the end of this year. Since then, Secretary Haig has met with Ambassador Dobrynin to begin laying the groundwork for his meeting with Mr. Gromyko in September at the U.N. General Assembly.

These are the basic elements of foreign policy on which we are working within the alliance. They have won general acceptance from our NATO partners. At the same time, it is realistic to say that we have only made a start. Differences exist in perceptions of the Soviet threat between publics and parliaments in Europe and the United States. The pressures upon our governments often differ. So does our sense of priorities on some of the major issues of the day. But, we have achieved a significant common sense of purpose and direction, and will continue, with our allies' help, translating these concepts into specific actions. To succeed, we each need the long-term support and understanding of our publics and parliaments.

ECONOMIC STRENGTH FOR THE WEST

There can be no lasting military defense of the West without economic strength. Economic vigor is essential to provide the resources for the security of the alliance and to assure the political stability of the region. Uncertainty in the global economic situation can complicate our collective efforts to improve the security posture of the alliance. Low growth rates, excessive inflation, and high levels of unemployment are not conducive to political stability. Energy prices and availability of supply are another critical area of mutual concern. Economic troubles generate protectionist pressures. There is a particular need to avoid restrictive measures which would impede necessary structural change and increase our partners' economic problems.

The Reagan Administration recognizes the primacy of economic issues in U.S. relations with Canada and Western Europe. Progress toward sound noninflationary growth within the U.S. economy may well be the most significant contribution we can make for improving both the global economic situation and the economic lot of our allies. It is for this reason that the President has put economic reform at the top of his roster of concerns.

The Reagan Administration appreciates the fact that we cannot succeed in our economic objectives if we act alone. Nor can we succeed if we act at cross purposes with the economic interests of the other industrial democracies. It is for these reasons that the Administration places special emphasis on close consultation and cooperation with the Canadians and West Europeans. Recognition of the need to work well together on shared challenges to our economic well-being is the reason for convening the economic summit to be held in Ottawa this July. And it underscores our particular commitment to two multilateral institutions: the Organization for Economic Cooperation and Development (OECD) and the European Community (EC).

The next major meetings of the OECD and the International Energy Agency (IEA), an independent agency within the OECD framework, merit mention. The OECD ministerial, June 16–17, will address OECD member countries' relations with developing nations, cooperation on energy matters, trade among OECD countries and with nonmember countries, export credits, and the overall economic situation. Deputy Secretary of State Clark and Deputy Secretary of the Treasury McNamar will head the U.S. delegation. These issues will also be considered by the summit countries' heads of government when they meet, July 19–21, at Ottawa, where the agenda will also include a discussion of East-West economic relations. The IEA Governing Board will meet at ministerial level, June 15, in Paris. Secretary of Energy Edwards and Deputy Secretary of State Clark will lead the U.S. delegation. Despite the present oversupply of crude oil on world markets and the recent OPEC [Organization of Petroleum Exporting Countries] ministerial decision to freeze prices for the rest of 1981, we need to continue our cooperative efforts to diversify sources of supply, develop alternative energy sources, and improve emergency-sharing arrangements.

The United States remains steadfast in its support for the process of European integration, exemplified by the evolution of the European Community. The Reagan Administration considers progress toward European unity important for Europe, the West, and the world. We thus place special significance on our continuing consultations, covering both economic and political issues, with the European Community and its 10 member governments.

The latest round of semiannual high-level U.S.-EC consultations was held, May 20–21, in Brussels. Under Secretary-designate for Economic Affairs Rashish led the U.S. delegation. We discussed a series of specific trade problems, North-South issues, the future development of the Community's Common Agricultural Policy, and energy security. We also exchanged views on current political issues of mutual interest. Given the volume and content of trade between the United States and the EC—according to Commerce Department statistics, our exports to the EC were valued at $53.7 billion in 1980 and our imports from the EC at $36.1 billion, resulting in a $17.5 billion surplus in our favor—it is not surprising that problems arise from time to time. We work closely with the European Commission and the member governments to manage and resolve these problems. We believe that they should not be permitted to fester to the point where they affect our political and security relationships.

We follow the process of European integration with interest. We welcomed British, Danish, and Irish membership in the mid-1970s and are pleased that Greece became the 10th member of the EC on January 1, 1981. Spain and Portugal are actively negotiating the terms of their accession and are expected to join in the mid-1980s. But, while the Community is expanding its membership, the internal process of economic integration has slowed, partly because of the wide disparity in rates of growth and inflation among its members. The Community has delayed movement of the European monetary system into its second stage. The Community is faced with difficult, interrelated problems—most notably, budget reform and modifihistory and culture, and the trends in the region are toward increasing economic, social, and even political diversity. U.S. policy toward the Warsaw Pact member states of Eastern Europe—Poland, Hungary, Romania, Czechoslovakia, Bulgaria, and the German Democratic Republic—is tailored to our interests and to the situation prevailing in each country. We differentiate between these countries and the U.S.S.R. to the degree that they pursue independent foreign policies and/or more liberal domestic policies.

U.S. Interests

Our primary interests are:

- A strong and legitimate security interest based on the proposition that a peaceful Eastern Europe, which is engaged in constructive interaction with the rest of Europe and the world, can be a force for stability in Europe.
- A deep, humanitarian interest in the welfare of the peoples of Eastern Europe, both because of their internationally recognized rights and because millions of Americans trace their heritage to the area.
- A growing interest in trade and other forms of economic cooperation.

Our bilateral relations with most of the Warsaw Pact member states of Eastern Europe have improved significantly in recent years. This Administration is prepared to work toward further improvements. In doing so, it will be guided by the following considerations:

- The degree to which individual Eastern European governments demonstrate both the desire and ability to reciprocate our interests in improved relations, and demonstrate sensitivity to U.S. interests;
- Indications that these governments are willing to play a constructive role in Europe, both through the CSCE [Conference on Security and Cooperation in Europe] process and in their bilateral relations with other European countries; and
- Indications that the Eastern European governments are sensitive to the traditions and aspirations of their peoples and seek to fulfill their commitments under the provisions of basket 3, as well as other sections of the Helsinki Final Act.

Policy Instruments

Our instruments to further U.S. interests and improve relations with the countries of Eastern Europe include high-level visits, cultural and scientific exchanges, and trade and other forms of economic cooperation. We will welcome high-level contacts with leaders of those Eastern European countries with which our relations are positive and are susceptible to significant improvement. We will encourage cultural and scientific exchanges with Eastern Europe in the belief that they enhance mutual understanding and enable Eastern Europeans to experience the diversity of the United States and the vitality of its democratic institutions.

Bilateral trade has become an important component of our relations with Eastern Europe. Trade relations based on most favored nation (MFN) status now exist with Poland, Romania, and Hungary. In 1980, our total trade with Eastern Europe was $3.3 billion, and U.S. exports exceeded imports by well over $1 billion. In our trade and economic policy toward Eastern Europe, we seek to strike a prudent balance among our political, trade, and security interests. We seek, together with our allies, to offer Eastern Europe alternatives to even heavier reliance on trade with other members of the Council for Mutual Economic Assistance. We also want the American farmer and worker to share in the benefits of expanded export markets. At the same time, we do not intend to export technology which could adversely affect U.S. security interests.

The extension of MFN tariff treatment to Romania and Hungary has served our commercial interests and removed an obstacle to improved relations in other areas. It has also permitted substantial progress on emigration and humanitarian issues. The President's recommendation concerning continuation of his waiver authority on MFN status for Hungary and Romania, under Section 402 of the Trade Act of 1974, is subject to congressional review this month. We strongly support the continuation of the waiver for both countries. This recommendation does not ignore the fact that problems in emigration continue and that U.S. humanitarian concerns have not been entirely eliminated. But, it does take account of the progress that has been made and the likelihood of more positive results if the waiver is renewed.

Relations With Warsaw Pact Countries

In view of the diversity of Eastern Europe and our policy of differentiating among the individual countries, it is not surprising that our bilateral relations vary substantially from country to country.

Poland. The dramatic developments in Poland over the past 11 months have captured the attention of the world. We welcome changes which correspond to the aspirations and traditions of the Polish people. But, we will continue to refrain from words or actions which would complicate the resolution of Poland's problems by the Poles themselves. We continue to believe that the resolution of Poland's internal problems can be achieved best in an atmosphere of calm and moderation, free from all outside interference. We remain committed to the NATO communique of December 12, 1980, which stated that any intervention in Poland would fundamentally alter the entire international situation and that the allies would be compelled to react in a manner which the gravity of this development would require.

We have noted with concern the economic hardships faced by the Polish people and the detrimental effect of Poland's economic difficulties on efforts to continue the process of peaceful renewal. Together with other Western countries, we have taken steps to ease Poland's economic difficulties.

- Poland received the largest allocation to any country of Commodity Credit Corporation agricultural guarantees in fiscal year 1981—$670 million.
- In April, as Poland's food supplies continued to deteriorate, we authorized the sale of $71 million of surplus dairy products (30,000 tons of dried milk and 30,000 tons of butter) and permitted payment in Polish currency.
- We joined other Western countries in easing Poland's financial position by rescheduling repayments of official debt for the remainder of 1981. Approximately $400 million in principal and interest owed to the U.S. Government will be affected. Together with other creditor governments, we will consider the possibility of rescheduling repayments for subsequent years.

In taking these steps, we have emphasized to the Polish authorities that we expect the Polish Government and people to make meaningful efforts to reinvigorate the Polish economy and to restore Poland's creditworthiness. We have also stressed the need for comparable steps by Poland's Warsaw Pact allies, particularly the Soviet Union. We will continue to underscore these points in future discussions on Poland's economic and financial problems.

Romania. Romania continues to pursue an independent foreign policy, as exemplified by its positions on Afghanistan and the Middle East and its constructive role in the CSCE context. Romania carries out more than 50% of its trade with non-Communist countries. The United States has become Romania's third largest trading partner.

This Administration has already begun a high-level political dialogue with Romania. Last month President Reagan and Secretary Haig met with Foreign Minister Andrei in Washington, and Commerce Secretary Baldrige traveled to Bucharest for the U.S.-Romanian Joint Economic Commission and met there with President Ceausescu. Secretary Haig underlined to Minister Andrei our recognition of Romania's unique position in Eastern Europe and support for the principle of self-determination. He also emphasized that Romanian responsiveness to U.S. concerns relating to emigration and humitarian issues would contribute to the further development of our relations.

Hungary. Hungary has embraced the CSCE process, using it as a framework for relations with Western Europe and the United States. We are continuing to build upon the momentum generated by the return of the Crown of St. Stephen and the signing of the U.S.-Hungarian Trade Agreement in 1978. Hungary is particularly interested in improving economic relations with the United States, and our trade relations are developing in a positive and businesslike fashion. Hungary's record on emigration continues to be positive, and its leaders permit a relatively broad degree of expression on other than political topics.

Bulgaria. We have made measured progress in improving relations with Bulgaria over the past several years, although this progress has slowed somewhat in the past year. We have a modest but active educational, scientific, and cultural exchange program with Bulgaria, and the maritime agreement we concluded at the beginning of this Administration is working out satisfactorily. U.S. trade with Bulgaria, while not extensive, is balanced in our favor, and the Bulgarian Government is interested in expanding exports to the United States and developing economic relations in other ways.

Czechoslovakia. Our relations with Czechoslovakia have been poor for some time due to the Czechoslovak Government's harsh repression of dissent and its close adherence to Soviet positions on foreign policy. Negotiations are presently underway on a settlement of postwar nationalization claims of U.S. citizens against Czechoslovakia. Some progress has been made toward an agreement, but it is far from certain that an acceptable settlement will be reached. We are consulting closely with the Congress on the progress of the negotiations.

German Democratic Republic. Despite deep differences between the United States and the G.D.R., we have sought and achieved practical improvements in our bilateral relations. Since the signing of the consular convention in 1979, we have begun negotiations on a cultural agreement, and may soon begin negotiating on claims. We have encouraged the G.D.R. to exercise restraint in Poland and in the developing world, to settle the claims of our citizens as well as Jewish claims, and to improve its implementation of the Helsinki Final Act. For its part, the G.D.R. has expedited the resolution of cases of divided families with the United States. The G.D.R. seeks MFN treatment with us, but we have made clear that it must first settle claims and give assurances required by the Jackson-Vanik amendment.

U.S. RELATIONS WITH YUGOSLAVIA

The position of nonaligned Yugoslavia is intrinsically different from that of the

East Berlin *Volkskammer* Elections

ALLIED PUBLIC STATEMENT, JUNE 14, 1981[1]

On June 14, 1981, the authorities of the G.D.R. [German Democratic Republic] held elections in the Eastern sector of Berlin in which deputies from that sector were, for the first time, directly elected to the G.D.R. *Volkskammer*. The Governments of France, the United Kingdom, and the United States, through their Embassies in the Soviet Union, have [today] presented formal diplomatic protests to the Soviet Government concerning this action.

These elections were held on the basis of an amendment of the G.D.R. election law approved by the *Volkskammer* on 28 June 1979. They constituted a change in the previous practice whereby the representatives of the Eastern sector of Berlin were not directly elected but were nominated to the *Stadtverordnetenversammlung* of Berlin (East). The practice was part of the existing situation to which the Quadripartite Agreement of 3 September 1971 refers. The new procedures which the G.D.R. has introduced in the Eastern sector of Berlin treat this sector as though it were part of the territory of the G.D.R. This is in contradiction with the wartime and postwar agreements defining the status of the special Berlin area and, accordingly, also in contradiction with the Quadripartite Agreement of 3 September 1971 which applies to the whole of Berlin.

In the London declaration of May 9, 1977, the Governments of the United States, France, and the United Kingdom reaffirmed that the status of the special area of Berlin could not be modified unilaterally. They also stated that they would continue to reject all attempts to put in question the rights and responsibilities which the United States, France, the United Kingdom, and the Soviet Union retain relating to Germany as a whole and to all four sections of Berlin. These points were reiterated in the 29 June 1979 statement in Tokyo by the foreign ministers of France, the United Kingdom, the United States, and the Federal Republic of Germany and in the protest delivered in Moscow by the Embassies of France, the United Kingdom, and the United States on 9 July 1979.

Accordingly the three allied governments wish to reemphasize the position which they have publicly expressed on many previous occasions: No unilateral decision taken by the G.D.R. authorities can affect the legal situation of greater Berlin. The three governments will continue to exercise their full rights and responsibilities in Berlin.

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[1] Press release 192 of June 15, 1981.■

International Conference on Kampuchea

The U.N. International Conference on Kampuchea was held in New York on July 13–17, 1981. Following are a statement made at the conference by Secretary Haig, head of the U.S. delegation, on July 13 and the texts of the declaration and resolution adopted by the conference on July 17.

SECRETARY HAIG, JULY 13, 1981[1]

Our purpose in meeting here today is one of compelling importance—to restore Kampuchea's sovereignty and independence. The conquest of one nation by another represents the most fundamental violation of the U.N. Charter. The international community cannot and will not acquiesce in the eradication of Kampuchea's sovereign identity through the aggression of its neighbor.

The great majority of the members of that community have already expressed their desire for a comprehensive solution to the Kampuchea problem through U.N. General Assembly Resolution 35/6, which mandates this conference. Our gathering owes much to the initiative of ASEAN [Association of South East Asian Nations], which, besides the Kampuchean people themselves, represents those nations most affected by the situation. The United States will continue to work closely with ASEAN in seeking to resolve the Kampuchea issue while recognizing that the interests of Thailand are most directly threatened.

A successful conference will be of great importance to the entire world community, but most particularly to the smaller nations which are increasingly in danger of foreign intervention. Most of all, our efforts are crucial to the Khmer people, whose national life has been marred over the past 15 years by a succession of horrors. The position of the United States is clear: We believe that the world community has an obligation to assure the Khmer people their right to choose their own government and to live in peace and dignity.

Vietnam

The facts of the Kampuchean problem are not less appalling for being well-known. In December 1978 Vietnam, supported and financed by the Soviet Union, invaded Kampuchea and installed a puppet regime. The puppets are maintained in power by an occupation army 200,000 strong. Vietnam's seizure of Kampuchea poses a direct threat to the security of Thailand and undermines the stability of the whole region. It is, thus, the source of tensions that inevitably affect the entire international situation.

We, therefore, see this conference as having two closely related goals:

- The restoration of a sovereign Kampuchea free of foreign intervention, whose government genuinely represents the wishes of the Khmer people; and
- A neutral Kampuchea that represents no threat to any of its neighbors.

These goals can be realized through the implementation of U.N. Resolution 35/6, which calls for U.N.-supervised withdrawal of all foreign forces and restoration of Khmer self-determination. The achievement of these goals would remove the main cause of conflict in the Southeast Asian region, greatly improving the prospect for resolving other regional disputes and for easing global tensions. All nations in the area—including Vietnam—would benefit from such an achievement.

Unfortunately, the Vietnamese authorities have been blind to their own best interests. They have rejected all serious efforts to negotiate the substantive issues of the Kampuchea problem, maintaining that the present arrangement there is an "irreversible" condition. We are, therefore, asked by Vietnam to ignore the facts, to pretend that there is no Kampuchea problem and that, instead of this forum, a regional meeting should be held between the ASEAN countries and an "Indochina bloc." Such a formulation is a thinly disguised effort to gain acceptance of Vietnam's actions in Kampuchea; the Kampuchea issue would be reduced to a mere border problem with Thailand. We cannot accept such a negotiating format. This is no minor squabble. The principles of self-determination and independence are at stake.

Vietnam is paying a price for its blindness in the form of an ever deepening diplomatic and economic isolation from the world community. Vietnam must recognize that participation in this conference provides the best opportunity to escape the dead end of international reproach and economic depression. The work being done here offers the avenue for Vietnam to rejoin the world community and to work toward a solution which protects its own interests as well as those of the other nations of Southeast Asia.

The United States has no intention of normalizing relations with a Vietnam that occupies Kampuchea and destabilizes the entire Southeast Asian region. We will also continue to question seriously any economic assistance to Vietnam—from whatever source—as long as Vietnam continues to squander its scarce resources on aggression.

Soviet Union

Vietnam is not the only party to this tragedy missing here today. We believe that the Soviet Union, the financier of the Vietnamese military occupation of Kampuchea, has a special obligation to cooperate in this effort to resolve a major source of international tension. Soviet participation in this conference and in the proposed conference on Afghanistan will indicate Moscow's interest in surmounting these major barriers to the development of more constructive East-West relations.

The dictates of self-interests cannot be ignored forever, even by Vietnam and the Soviet Union. In the meantime, the rest of the world community must proceed vigorously to search for a solution to the Kampuchea tragedy. This present session provides the opportunity to consider the broad outlines of a settlement.

Our fundamental obligation is to the suffering Khmer people, heirs of a proud history and rich culture. They deserve our best efforts to restore peace and self-determination to their land. We have seen already that the world community can act to help Kampuchea. Fourteen months ago, a meeting in Geneva put in motion a massive relief effort that saved thousands of Khmer lives, helping to insure the survival of the Khmer people. The same spirit of international cooperation can insure the survival of an independent Khmer nation.

DECLARATION
JULY 17, 1981

1. Pursuant to Articles 1 and 2 of the Charter of the United Nations and to General Assembly resolution 35/6, the United Nations convened the International Conference on Kampuchea at its Headquarters in New York, from 13 to 17 July 1981, with the aim of finding a comprehensive political settlement of the Kampuchean problem.

2. The Conference reaffirms the rights of all States to the inviolability of their sovereignty, independence and territorial integrity and stresses their obligation to respect those rights of their neighbours. The Conference also reaffirms the right of all peoples to determine their own destiny free from foreign interference, subversion and coercion.

3. The Conference expresses its concern that the situation in Kampuchea has resulted from the violation of the principles of respect for the sovereignty, independence and territorial integrity of States, non-interference in the internal affairs of States and the inadmissibility of the threat or use of force in international relations.

4. The Conference takes note of the serious international consequences that have arisen out of the situation in Kampuchea. In particular, the Conference notes with grave concern the escalation of tension in South-East Asia and major Power involvement as a result of this situation.

5. The Conference also takes note of the serious problem of refugees which has resulted from the situation in Kampuchea and is convinced that a political solution to the conflict will be necessary for the long-term solution of the refugee problem.

6. The Conference stresses its conviction that the withdrawal of all foreign forces from Kampuchea, the restoration and preservation of its independence, sovereignty and territorial integrity and the commitment by all States to non-interference and non-intervention in the internal affairs of Kampuchea are the principal components of any just and lasting solution to the Kampuchean problem.

7. The Conference regrets that the foreign armed intervention continues and that the foreign forces have not been withdrawn from Kampuchea, thus making it impossible for the Kampuchean people to express their will in free elections.

8. The Conference is further convinced that a comprehensive political settlement of the Kampuchean conflict is vital to the establishment of a Zone of Peace, Freedom and Neutrality in South-East Asia.

9. The Conference emphasizes that Kampuchea, like all other countries, has the right to be independent and sovereign, free from any external threat or armed aggression, free to pursue its own development and a better life for its people in an environment of peace, stability and full respect for human rights.

10. With a view to reaching a comprehensive political settlement in Kampuchea, the Conference calls for negotiations on, *inter alia*, the following elements.

(a) An agreement on cease-fire by all parties to the conflict in Kampuchea and withdrawal of all foreign forces from Kampuchea in the shortest time possible under the supervision and verification of a United Nations peace-keeping force/observer group;

(b) Appropriate arrangements to ensure that armed Kampuchean factions will not be able to prevent or disrupt the holding of free elections, or intimidate or coerce the population in the electoral process; such arrangements should also ensure that they will respect the result of the free elections;

(c) Appropriate measures for the maintenance of law and order in Kampuchea and the holding of free elections, following the withdrawal of all foreign forces from the country and before the establishment of a new government resulting from those elections;

(d) The holding of free elections under United Nations supervision, which will allow the Kampuchean people to exercise their right to self-determination and elect a government of their own choice; all Kampucheans will have the right to participate in the elections.

11. The Conference appreciates the legitimate security concerns of all States of the region and, therefore, deems it essential for Kampuchea to remain non-aligned and neutral and for the future elected governments of Kampuchea to declare that Kampuchea will not pose a threat to or be used against the security, sovereignty and territorial integrity of other States, especially those sharing a common border with Kampuchea.

12. The Conference also deems it essential for the five permanent members of the United Nations Security Council, all States of South-East Asia as well as other States concerned to declare, in conjunction with paragraph 11 above, that:

(a) They will respect and observe in every way, the independence, sovereignty, territorial integrity and non-aligned and neutral status of Kampuchea and recognize its borders as inviolable;

(b) They will refrain from all forms of interference, direct or indirect, in the internal affairs of Kampuchea;

(c) They will not bring Kampuchea into any military alliance or other agreement, whether military or otherwise, which is inconsistent with its declaration under paragraph 11 nor invite or encourage it to enter into any such alliance or to conclude any such agreement;

(d) They will refrain from introducing into Kampuchea foreign troops or military personnel and not establish any military bases in Kampuchea;

(e) They will not use the territory of any country, including their own, for interference in the internal affairs of Kampuchea;

(f) They will not pose a threat to the security of Kampuchea or endanger its survival as a sovereign nation.

13. The Conference expresses the hope that, following the peaceful resolution of the Kampuchean conflict, an intergovernmental committee will be established to consider a programme of assistance to Kampuchea for the reconstruction of its economy and for the economic and social development of all States of the region.

14. The Conference notes the absence of Viet Nam and other States and urges them to attend the future sessions of the Conference. In this context, the Conference takes note of the current bilateral consultations among the countries of the region and expresses the hope that these consultations will help to persuade all countries of the region and others to participate in the future sessions of the Conference.

15. The Conference expresses the hope that Viet Nam will participate in the negotiating process which can lead to a peaceful solution of the Kampuchean problem and to the restoration of peace and stability to the region of South-East Asia. This will enable all the countries of the region to devote themselves to the task of economic and social development, to engage in confidence building and to promote regional cooperation in all fields of endeavour, thus heralding a new era of peace, concord and amity in South-East Asia.

RESOLUTION
JULY 17, 1981

The International Conference on Kampuchea,

Recalling its Declaration on Kampuchea of 17 July 1981,

1. *Decides* to establish an *Ad Hoc* Committee of the International Conference on Kampuchea, consisting of Japan, Malaysia, Nigeria, Senegal, Sri Lanka, the Sudan and Thailand, and authorizes the President of the Conference, in consultation with the members of the Conference, to include additional members in the Committee;

2. *Entrusts* the committee with the following tasks:

(a) To assist the Conference in seeking a comprehensive political settlement of the Kampuchean question, in accordance with General Assembly resolution 35/6 of 22 October 1980;

(b) To act as an advisory body to the Secretary-General between sessions of the Conference;

(c) To undertake missions, where appropriate, in consultation with the Secretary-General and taking into account his recommendations, in pursuit of a comprehensive political settlement to the conflict in Kampuchea;

(d) To advise the President of the Conference, after consultations with the Secretary-General, when to reconvene the Conference;

3. *Requests* the Committee to submit reports to the Conference;

4. *Recommends* that the General Assembly should request the Secretary-General to consult with, to assist and to provide the Committee with the necessary facilities to carry out its functions;

Department of State

bulletin

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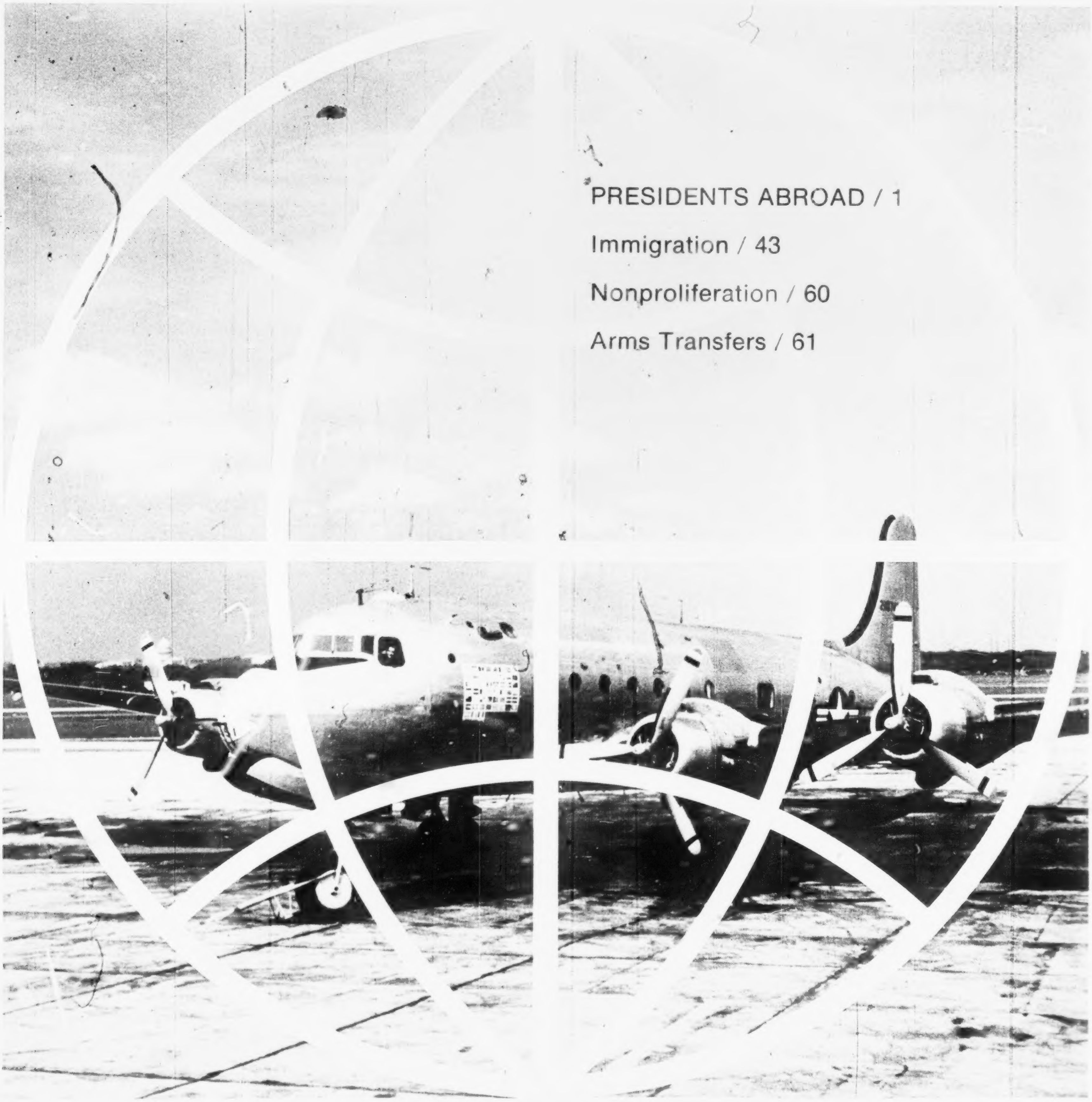

PRESIDENTS ABROAD / 1

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While in Bonn in 1967, President Johnson met with President Luebke and President DeGaulle.

Lyndon B. Johnson

September 16, 1964. Canada: Vancouver. Informal visit; met with Prime Minister Pearson in ceremonies related to the Columbia River Treaty.

April 14-15, 1966. Mexico: Mexico D.F. Informal visit; met with President Diaz Ordaz.

August 21-22, 1966. Canada: Campobello Island, Chamcook. Laid cornerstone at Roosevelt-Campobello International Park; conferred informally with Prime Minister Pearson.

October 19-20, 1966. New Zealand: Wellington. State visit; met with Prime Minister Holyoake.

October 20-23, 1966. Australia: Canberra, Melbourne, Sydney, Brisbane, Townsville. State visit; met with Governor General Casey and Prime Minister Holt.

October 24-26, 1966. Philippines: Manila, Los Banos, Corregidor. Attended summit conference with the heads of state and government of Australia, South Korea, New Zealand, the Philippines, Thailand, and Vietnam.

October 26, 1966. Vietnam: Cam Ranh Bay. Visited U. S. military personnel.

October 27-30, 1966. Thailand: Bangkok. State visit; met with King Bhumibol Adulyadej.

October 30-31, 1966. Malaysia: Kuala Lumpur. State visit; met with Prime Minister Rahman.

October 31-November 2, 1966. Korea: Seoul, Suwon. State visit; met with President Park and Prime Minister Chung.

December 4, 1966. Mexico: Ciudad Acuna. Informal meeting with President Diaz Ordas; inspected construction of Armistad Dam.

April 11-14, 1967. Uruguay: Punta del Este. Summit meeting with Latin American chiefs of state.

April 14, 1967. Suriname: Paramaribo. Refueling stop en route from Uruguay.

April 23-26, 1967. Germany: Bonn. Attended funeral of Chancellor Adenauer; conversed with various heads of state.

May 25, 1967. Canada: Montreal, Ottawa. Attended Expo 67; conferred informally with Prime Minister Pearson.

October 28, 1967. Mexico: Ciudad Juarez. Attended transfer of El Chamizal from the U.S. to Mexico; conferred with President Diaz Ordaz.

December 21-22, 1967. Australia: Canberra. Attended funeral of Prime Minister Holt; conferred with other attending heads of state.

December 23, 1967. Thailand: Khorat and Vietnam: Cam Ranh Bay. Visited U.S. military personnel.

December 23, 1967. Pakistan: Karachi. Met with President Ayub Khan.

December 23, 1967. Italy: Rome. Met with President Saragat and Prime Minister Moro.

December 23, 1967. Vatican City. Audience with Pope Paul VI.

July 6-8, 1968. El Salvador: San Salvador. Attended meeting of the Presidents of the Central American republics.

July 8, 1968. Nicaragua: Managua. Informal visit; met with President Somoza.

July 8, 1968. Costa Rica: San Jose. Informal visit; met with President Trajos.

July 8, 1968. Honduras: San Pedro Sula. Informal visit; met with President Lopez Arrelano.

July 8, 1968. Guatemala: Guatemala City. Informal visit; met with President Mendez.

Richard Nixon

February 23-24, 1969. Belgium: Brussels. Attended North Atlantic Council meeting; met with King Baudouin I.

February 24-26, 1969. United Kingdom: London. Informal visit; held conversations with Prime Minister Wilson; received by Queen Elizabeth II.

February 26-27, 1969. Germany: Cologne, Bonn, Berlin. Addressed the Bundestag.

February 27-28, 1969. Italy: Rome.

Met with President Saragat and Prime Minister Rumor.

February 28-March 1, 1969. France: Paris. Met with President De Gaulle.

March 2, 1969. Vatican City. Audience with Pope Paul VI.

July 26-27, 1969. Philippines: Manila. State visit, met with President Marcos.

July 27-28, 1969. Indonesia: Jakarta. State visit, met with President Suharto.

July 28-30, 1969. Thailand: Bangkok. State visit, met with King Bhumibol Adulyadej.

July 30, 1969. Vietnam: Saigon, Di An. Met with President Thieu; visited U.S. military personnel.

July 31-August 1, 1969. India: New Delhi. State visit; met with Acting President Hidayatullah.

August 1-2, 1969. Pakistan: Lahore. State visit; met with President Yahya Khan.

August 2-3, 1969. Romania: Bucharest. Official visit; met with President Ceausescu.

August 3, 1969. United Kingdom: Mildenhall Air Force Base. Informal meeting with Prime Minister Wilson.

September 8, 1969. Mexico: Ciudad Acuna. Dedicated Armistad Dam.

August 20-21, 1970. Mexico: Puerto Vallarta. Official visit; met with President Diaz Ordaz.

September 27-30, 1970. Italy: Rome, Naples. Official visit; met with President Saragat; visited NATO Southern Command.

September 28, 1970. Vatican City. Audience with Pope Paul VI.

September 30-October 1, 1970. Yugoslavia: Belgrade. State visit; met with President Tito.

October 2-3, 1970. Spain: Madrid. State visit; met with Generalissimo Franco.

October 3, 1970. United Kingdom: Chequers. Met informally with Queen Elizabeth II and Prime Minister Heath.

October 3-5, 1970. Ireland: Limerick, Timahoe, Dublin. State visit; met with Prime Minister Lynch.

November 12, 1970. France: Paris. Attended memorial services for former President De Gaulle.

December 13-14, 1971. Portugal: Terceira Island (Azores). Discussed international monetary problems with French President Pompidou and Portuguese Prime Minister Caetano.

December 20-21, 1971. United Kingdom: Bermuda. Met with Prime Minister Heath.

February 21-28, 1972. China: Beijing, Hanzhou, Shanghai. State visit; met with Chairman Mao Zedong and Premier Zhou Enlai.

April 13-15, 1972. Canada: Ottawa. State visit. Met with Govenor General Michener and Prime Minister Trudeau; addressed the parliament.

May 20-22, 1972. Austria: Salzburg. Informal visit; met with Chancellor Kreisky.

May 22-30, 1972. U.S.S.R.: Moscow, Leningrad, Kiev. State visit; met with Premier Kosygin and General Secretary Brezhnev.

May 30-31, 1972. Iran: Tehran. Official visit; met with Shah Mohammed Reza Pahlavi.

May 31-June 1, 1972. Poland: Warsaw. Official visit; met with First Secretary Gierek.

May 31-June 1, 1973. Iceland: Reykjavik. Met with President Eldjarn, Prime Minister Johanneson, and French President Pompidou.

April 5-7, 1974. France: Paris. Attended memorial services for former President Pompidou; met with French interim President Poher, Italian Prime Minister Leone, British Prime Minister Wilson, West German Chancellor Brandt, Danish Prime Minister Hartling, Soviet President Podgorny, and Japanese Prime Minister Tanaka.

June 10-11, 1974. Austria: Salzburg. Met with Chancellor Kreisky.

June 12-14, 1974. Egypt: Cairo, Alexandria. Met with President Sadat.

June 14-15, 1974. Saudi Arabi: Jidda, State visit; met with King Faisal.

June 15-16, 1974. Syria: Damascus. Met with President Assad.

June 16-17, 1974. Israel: Tel Aviv, Jerusalem. Met with President Katzir and Prime Minister Rabin.

June 17-18, 1974. Jordan: Amman. State visit; met with King Hussein I.

June 18-19, 1974. Portugal: Lajes Field (Azores). Met with President Spinola.

President and Mrs. Nixon toured the Great Wall in China in February 1972.

cation of the Common Agricultural Policy. Both problems are complicated by expansion of the Community. The European Commission and the member governments are grappling with severe structural problems in the steel, textile, and automobile industries. The directly elected European Parliament is seeking a more active role in the Community's budgetary and policymaking processes.

Although internal economic integration has temporarily slowed, there has been significant progress on political cooperation by the EC-10 [the 10 members of the European Community]. This development has occurred even though political cooperation is an area outside the scope of the Treaty of Rome. There has been a conscious and increasingly successful effort to coordinate the foreign policies of the Community's member states. A "European political correspondents" network has been established which permits rapid direct communications among the EC-10 Foreign Ministries. The country serving as President of the Council—currently the Netherlands but the United Kingdom will take over on July 1—provides secretariat services. Political directors meet regularly. A number of expert working groups, each with regional or institutional responsibilities, have been established to do the staff work.

Such developments have increasing significance for the United States. Over the past year or so, there has been a common EC-10 response to events such as the Soviet invasion of Afghanistan, the Iran hostage situation, recent developments in Poland, and the Middle East peace process. The result has been higher visibility for EC political action and the expectation that the Ten will be compelled to take a position on major political events and developments. A unified EC-10 position can be helpful to the United States, as was the case with the Community's statement on the integrity of passage through the Strait of Hormuz when the Iran-Iraq war broke out. We are consulting closely with the EC-10 to insure that their Middle East initiative will be complementary to our own efforts to establish peace in the region.

Our political dialogue with the EC-10 is an ongoing process covering a wide range of issues of mutual interest. As part of this dialogue, Secretary Haig stopped in Brussels on May 5, following the NATO ministerial in Rome. We have been assured, however, that the EC intends to use NATO as the forum for discussion of Western defense issues, in large part because Ireland is not a member of the alliance.

BILATERAL RELATIONS

Those four pillars of policy for the Reagan Administration, which provide the foundation for our economic and military security, are important in the pursuit of mutually satisfactory bilateral relations as well. Let me thus turn to those ties—addressing, in turn, the developments to date and issues before us, in our relations with: Switzerland, Austria, and the Federal Republic of Germany; nations of northern Europe; nations of central and southwestern Europe; nations in the eastern Mediterranean; and Canada.

Federal Republic of Germany, Austria, Switzerland

Federal Republic of Germany. The Federal Republic of Germany (F.R.G.) is a key factor in all aspects of U.S. policy toward Europe. The just-concluded visit of Federal Chancellor Schmidt marked the culmination of a series of high-level contacts here and in Bonn which have established a sound foundation for cooperation between the Reagan Administration and the Federal Republic in the difficult times ahead. This visit demonstrated a high degree of commonality in the basic objectives and policies of the two countries. In view of the crucial importance of the F.R.G. in our security posture in Europe, in relations with the U.S.S.R., and in problems beyond Europe, we were gratified to confirm that we have this broad area of agreement with the Federal Republic.

The Federal Republic is inevitably on the front line in meeting the challenge posed by the Soviet Union. Through its performance over the last 15 years, its leadership role in implementing the dual NATO decision on TNF, and its large and growing contribution to the common defense, the Federal Republic has demonstrated the ability and the will, together with the United States and its other allies, to meet this challenge.

The Chancellor's visit also made clear that the U.S.-German relationship—including its political, military, and economic aspects—has reached a level of maturity at which we can achieve consensus despite differences due to history, geography, and differing roles in the world. We have developed means for dealing with the inevitable points of difference frankly and expeditiously, and in a manner which minimizes the impact of these minor frictions on the overall relationship.

Berlin. U.S. policy in Berlin continues to be to maintain allied rights and responsibilities for the city as a whole and to insure four-power compliance with the terms and the spirit of the Quadripartite Agreement of 1971. We can thus best defend Berlin against any Soviet or German Democratic Republic (G.D.R.) threat to its security, whether that threat is directed against the city's four-power status, rights of land and air access, or the city's developing ties to the F.R.G. Our policy of maintaining the four-power commitments helps provide the calm atmosphere Berlin needs in which to develop and prosper.

Our priorities are to encourage continued Soviet commitment to the four-power regime (done recently, for example, by the conclusion of a four-power agreement on railway tariffs) and to encourage the development of Berlin's economic, cultural, and political ties with the F.R.G. and the West. The major potential problem is how to keep Berlin isolated from increasing East-West tensions created by the Soviet armaments buildup, the Soviet invasion of Afghanistan, and the situation in Poland.

Austria. As obliged under the 1955 State Treaty and as a matter of policy, we support the permanent neutrality of Austria. That policy has enabled Austria to pursue its basic Western orientation and has facilitated the broad convergence of Austria's international policies with U.S. interests. There are no serious bilateral problems, although we have differed with Chancellor Kreisky on Middle East policy.

Good opportunities for expanded bilateral relations exist in the areas of energy and security. We are talking with the Austrians about sales of American coal and about technology exchange on the problem of nuclear spent fuel disposal and we are also encouraging Austria to choose an American aircraft in its search for an interceptor for its air force. We admire and support Austria's role in refugee resettlement, and we are reviewing an Austrian request to restore a cut in the visa numbers we allot for Eastern European refugees from Austria.

Switzerland. We support the neutrality of Switzerland and that nation's active international role. Swiss representation of U.S. interests in Cuba, and more recently in Iran, has been an outstanding contribution to improved bilateral relations. Switzerland's Western orientation has produced sympathetic understanding of our views on such issues as Afghanistan. The United States supports Swiss efforts to maintain an effective defense establishment equipped with modern weapons. We have had continuing discussions with the Swiss concerning our common nuclear nonproliferation objectives. We will continue enhanced cooperation with the Swiss in ways fully consistent with their neutrality and where Switzerland's moral leadership can contribute to the furtherance of our objectives, as in the CSCE and in multilateral aid efforts for Turkey and for refugee relief.

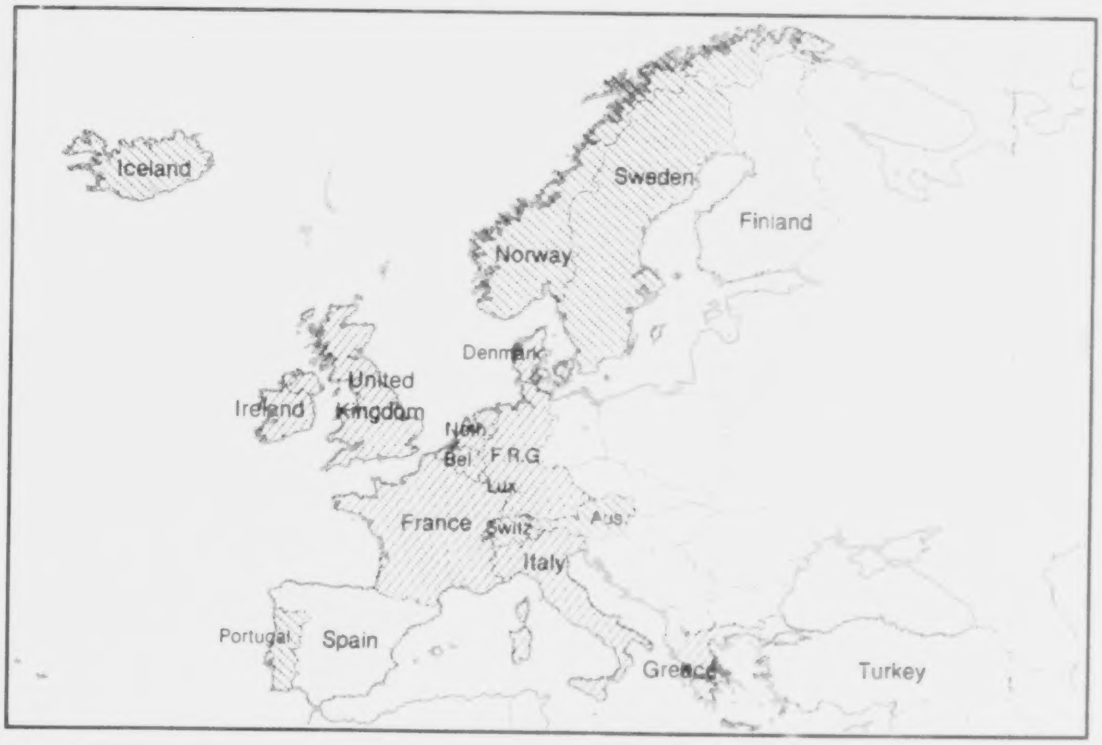
Northern Europe

The United States seeks close relationships with the nations of northern Europe. Our links with the majority of these states are strengthened by common membership in NATO, and it is the security relationship that is the principal driving force in our collective endeavors. Of course, not all states in the region have chosen NATO membership: Sweden, Finland, and Ireland remain outside the alliance. Moreover, economic, psychological, and historic forces, even among allies, can strain, as well as strengthen, relationships. Growing protectionist sentiment throughout northern Europe and the rise in antinuclear and pacifist sentiment in many countries challenge the strength of ties that have been nurtured since the Second World War. Our own relations with these nations are conducted both bilaterally and multilaterally. The two strands intertwine and reinforce each other.

United Kingdom. In the United Kingdom, the Conservatives, led by Prime Minister Thatcher, remain in office. The visit of Mrs. Thatcher to Washington in the second month of the new U.S. Administration symbolizes the close ties that bind the United States and the United Kingdom. The Thatcher government is fully committed to a strong NATO defense, despite the persistent problems of the U.K. economy. U.K. defense expenditures are expected to show a real increase of 8% in the 3-year period that began in 1980–81. Her Majesty's Government also continues to modernize both its nuclear and conventional deterrents, with the decision to purchase Trident warheads illustrative of its continued nuclear commitment. At the same time, the Thatcher government remains fully committed to NATO's two-track TNF decision. Preparations for ground-launched cruise missile deployments in the United Kingdom are proceeding apace, and the British participate actively in the deliberations of the NATO Special Consultative Group addressing the arms control track of the alliance decision.

The Thatcher government also accepts the fact that alliance interests dictate a presence in the Persion Gulf. To this end, the United Kingdom has agreed to participate in an alliance rapid deployment force and has made temporary deployments of small-scale units to the area. The British have also cooperated with U.S. efforts to enhance

Western Europe*



☐ Organization for Economic Cooperation and Development (OECD)

▨ European Communities (EC)

▨ European Free Trade Association (EFTA)

Note: Finland is an associate member of EFTA.

See June 1981 Department of State Bulletin for description and membership lists of OECD, EC, and EFTA.

Area: 1.7 million sq. mi.
Population: 382 million (1978)
GNP: $2.5 trillion (1978)
GNP Per Capita: $6,500
Share of World GNP: 26%
Share of World Trade: 48% (1979)
Value of Merchandise Imports from U.S.: $68 billion (1980)
Value of Exports to U.S.: $46 billion (1980)

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*Includes Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom.

The U.S. Government has not recognized the incorporation of Estonia, Lativa, and Lithuania into the Soviet Union.

member states of the Warsaw Pact, and we deal with Yugoslavia on the basis of its unique status. Yugoslavia's collective leadership has made it clear that it will continue to pursue the course set by President Tito: nonalignment in foreign policy and self-management at home.

An independent, economically viable Yugoslavia capable of resisting external pressure is a factor for stability and peace in the Balkans, the Mediterranean, and Europe as a whole. We firmly support Yugoslavia's independence, political unity, and territorial integrity. U.S.-Yugoslav relations are excellent. In recent years, we have created an extensive range of relations.

- We have maintained a mature and frank political dialogue and this Administration has furthered the dialogue.
- The United States has become Yugoslavia's fourth largest trading partner, and we are the leading foreign investor in Yugoslavia.
- Various agreements on culture, science, and technology provide the framework for a vigorous program of exchanges and joint projects.
- We are engaged with the Yugoslav military authorities in a modest program of visits, arms transfers, and training.

Despite this significant record of good relations, problems remain. Although we have made considerable progress in combating terrorist activity against Yugoslav officials and establishments in the United States, both we and the Yugoslavs are concerned over the continued existence of such activity in the United States. We are determined to deter such activity and to punish terrorists to the full extent of the law. We are pleased that 5 anti-Yugoslav terrorists were convicted recently by a court in New York City and that at present some 17 convicted terrorists are behind bars.

ALBANIA

We have not had diplomatic relations with Albania since World War II. Since the termination of its special relationship with the People's Republic of China in the summer of 1978, Albania has followed a course independent of major outside powers. Albania has moved to improve relations with Greece and Western Europe. The process of improving Albanian-Yugoslav relations had advanced significantly before the outbreak of violent demonstrations by ethnic Albanians in Yugoslavia's autonomous Province of Kosovo in April and May. Albania's leaders have made it clear that they do not presently seek to improve relations with the United States. Should Albania display an interest in resuming relations with us, we would be prepared to respond.

BALTIC STATES

Some reference to U.S. policy toward the three Baltic States—Lithuania, Latvia, and Estonia—is in order. Our policy of not recognizing their forcible incorporation into the U.S.S.R. remains unchanged. We continue to recognize and deal with diplomatic representatives of the last three Baltic governments.

CONCLUSION

This assessment of U.S. relations with Yugoslavia, Albania, and the Warsaw Pact nations of Eastern Europe brings me full circle. I conclude, as I began, with reference to the overriding principles that govern foreign policy under the Reagan Administration.

- Ours is a policy that reflects respect for the territorial integrity of nations and the dignity of individuals.
- Ours is a policy that demonstrates determination to be firm in the face of aggression but forthcoming when there is constructive response to the shared challenges of the 1980s.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

U.S. Contributions to the ICRC

The Department of State announced on June 1, 1981, that, in response to urgent humanitarian needs in war-torn areas, the U.S. Government is making a contribution of $4.15 million to the International Committee of the Red Cross (ICRC) for the following purposes:

- $1.5 million as a contribution to the worldwide ICRC program for protection and assistance to political detainees;
- $500,000 as an additional contribution to the ICRC general program budget (in addition to a previous contribution of $1 million), bringing the total U.S. contribution for 1981 to $1.5 million; and
- $2.15 million against various special appeals, as follows:

a) Lebanon—$1 million for emergency medical assistance and relief goods to victims of the conflict;

b) El Salvador—$500,000 for relief to persons displaced by the armed conflict;

c) Nicaragua—$250,000 to support relief activities;

d) Indonesia (East Timor)—$200,000 for food and medical assistance and to trace missing persons and facilitate family reunification; and

e) Iraq/Iran—$200,000 to finance visits to prisoners of war, to assist civilians in combat areas, and to trace persons displaced by military operations.

This announcement is made on the occasion of a visit to Washington of Mr. Jean-Pierre Hocke, Director of Operations of the ICRC. This current visit is one of a series of periodic visits that Mr. Hocke makes to Washington to discuss matters of mutual concern.

The ICRC is a nongovernmental, nonreligious Swiss organization, based on the principles of neutrality and humanitarianism, which is primarily concerned with giving protection and assistance to the victims of armed conflict. The Geneva conventions, which the ICRC helped develop, assign the following specific tasks to the ICRC:

- Visiting and interviewing prisoners of war and civilian internees;
- Providing relief to the civilian population of occupied territories;
- Searching for missing persons; and
- Offering its good offices to facilitate the establishment of hospital zones and safety zones.

Among the general reponsibilities of the ICRC are insuring the proper implementation of the Geneva conventions and acting as a neutral intermediary between the parties to a conflict.

U.S. contributions to the ICRC are an essential part of a coordinated U.S. effort to assist refugees and displaced persons in urgent need throughout the world by means of cooperation with the U.N. system, the ICRC and other international organizations, and private voluntary agencies.

Press release 173.■

Israel's Raid on Iraq's Nuclear Facility

Following are two Department statements of June 8, 1981; the text of Secretary Haig's letter of June 10 to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Senator Charles H. Percy, Chairman of the Senate Foreign Relations Committee; and a statement by Under Secretary for Political Affairs Walter J. Stoessel, Jr., before the Senate Foreign Relations Committee on June 18.

DEPARTMENT STATEMENT, JUNE 8, 1981[1]

The Government of Israel has informed the United States that the Israeli Air Force attacked the Iraqi nuclear research facility at Tuwaitha on June 7. We had no prior knowledge of the raid, and we have no further information. We are now seeking more information concerning the attack. This is clearly a very serious development and a source of utmost concern.

We have no first-hand details of the attack or of the overall damage, including casualities. Our initial estimate of potential radiation effects is that they would probably be minimal and limited to the immediate vicinity of the installation. This is based on preliminary information about the amount and quality of material in the facility at the time of the attack. The U.S. Government is ready to respond to any requests for help in monitoring the extent of any nuclear effects and in dealing with any other related problems.

Once we have additional information, we will have more to say on the subject.

DEPARTMENT STATEMENT, JUNE 8, 1981[1]

The U.S. Government condemns the reported Israeli air strike on the Iraq nuclear facility, the unprecedented character of which cannot but seriously add to the already tense situation in the area. Available evidence suggests U.S.-provided equipment was employed in possible violation of the applicable agreement under which it was sold to Israel, and a report to this effect is being prepared for submission to the U.S. Congress in accordance with the relevant U.S. statute.

SECRETARY'S LETTER TO THE CONGRESS, JUNE 10, 1981[2]

I am providing the following information pursuant to section 3 (c) (2) of the Arms Export Control Act.

The Department of State has learned that on June 7, 1981, the Government of Israel carried out an air attack against a nuclear reactor under construction in Iraq. Israeli Air Force units taking part in this attack were reportedly equipped with defense articles that have been furnished to Israel by the United States under the Foreign Military Sales program, including F-15 and F-16 aircraft.

Sales to Israel under the Foreign Military Sales program are governed by a Mutual Defense Assistance Agreement of July 23, 1952 (TIAS 2675), which provides in pertinent part:

> "The Government of Israel assures the United States Government that such equipment, materials, or services as may be acquired from the United States . . . are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state."

In these circumstances, I must report on behalf of the President that a substantial violation of the 1952 Agreement may have occurred. We are conducting a review of the entire matter and will consider the contention of Israel, that this action was necessary for its defense because the reactor was intended to produce atomic bombs and would become operational very soon and that, once it become operational, an attack would have been impossible because it could not be carried out without exposing the inhabitants of Baghdad to massive radioactive lethal fallout.

While our discussions with Israel continue, and while your Committee is considering this matter the President has directed the suspension for the time being of the immediate shipment of four F-16 aircraft which had been scheduled for this week.

In responding to this incident we will make clear the seriousness with which we view the obligations of foreign countries to observe scrupulously the terms and conditions under which the United States furnishes defense articles and defense services. We will, of course, inform the Congress of the outcome of our discussions with the Government of Israel and our deliberations on the response warranted.

Sincerely,

ALEXANDER M. HAIG, JR.

UNDER SECRETARY STOESSEL, JUNE 18, 1981[3]

Thank you for this opportunity to report to the committee on June 7, 1981, Israeli air attack against a nuclear reactor under construction in Iraq.

You have received the Secretary's June 10, 1981, letter on this attack pursuant to section 3 (c) (2) of the Arms Export Control Act. In his letter, the Secretary notified Congress that a substantial violation of the Mutual Defense Assistance Agreement of July 23, 1952, with Israel may have occurred and indicated that we were conducting a review of this entire matter, which is the subject of our session today.

The Mutual Defense Assistance Agreement with Israel includes assurance by Israel that U.S. weapons provided under the terms of the agreement would be used solely to maintain internal security, meet legitimate self-defense needs, or permit it to participate in the defense of the area of which it is part or in U.N. collective security arrangements and measures. The agreement also provides that Israel will not undertake any aggression against any other state.

Israeli Air Force units participating in Israel's attack were equipped with defense articles furnished to Israel by the United States under the foreign military sales program pursuant to the 1952 agreement with Israel.

Israel contends that the Iraqi reactor was intended to produce the required weapons-grade material for use in atomic weapons. Israel notes that a state of war exists between the two countries and has further contended that Iraq had made clear its intention to produce such a weapon for use against Israel. Israel indicated its belief that the reactor would become operational very quickly. Israel has pointed out that once the reactor became operational, an air attack would have been impossible since it would have exposed the inhabitants of Baghdad to massive lethal radioactive fallout. Israel also indicated that it had exhausted all diplomatic remedies prior to the attack. The Israelis, therefore, sincerely believe that their attack was an act of legitimate self-defense and not in violation of their 1952 agreement with the United States.

Iraq denies that its nuclear program has any application other than the peaceful uses of nuclear energy. It points out that it has ratified the Nonproliferation Treaty (NPT) and notes that Israel has not and that Iraq's reac-

5. *Recommends* that the General Assembly should request the Secretary-General to make a preliminary study of the possible future role of the United Nations, taking into account the mandate of the Committee and the elements for negotiations set out in paragraph 10 of the Declaration on Kampuchea;

6. *Requests* the Secretary-General to transmit the report of the Conference to the General Assembly at its thirty-sixth session;

7. *Recommends* that the General Assembly should authorize the reconvening of the Conference, at an appropriate time, upon the recommendation of the President of the Conference.

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[1] Press release 228.■

Current Actions

MULTILATERAL

Antarctica
Recommendations relating to the furtherance of the principal and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Washington Oct. 5, 1979.[1]
Notifications of approval: Belgium, Japan, May 26, 1981; New Zealand, June 4, 1981.

Aviation
Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.
Accession deposited: United Arab Emirates, Apr. 16, 1981.

Biological Weapons
Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Ratification deposited: Netherlands, June 22, 1981.[2]

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Acceptance deposited: Japan, June 15, 1981.
Ratification deposited: Bangladesh, June 1, 1981.
Signatures: Australia, May 20, 1981; Mali, June 17, 1981; Spain, May 27, 1981.

Conservation
Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Approvals deposited: Japan, U.S.S.R., May 26, 1981.

Cultural Property
Statutes of the International Centre for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi Nov.-Dec. 1956, at the 9th session of the UNESCO general conference, as amended at Rome Apr. 24, 1963, and Apr. 14-17, 1969. Entered into force May 10, 1958; for the U.S. Jan. 20, 1971. TIAS 7038.
Accession deposited: Chile, Feb. 3, 1981.

Convention for the protection of cultural property in the event of armed conflict, and regulations of execution. Concluded at The Hague May 14, 1954. Entered into force Aug. 7, 1956.[3]
Accession deposited: Tunisia, Jan. 28, 1981.

Environmental Modification
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.
Ratification deposited: Canada, June 11, 1981.

Genocide
Convention on the prevention and punishment of the crime of genocide. Adopted at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951.[3]
Accession deposited: Vietnam, June 9, 1981.

Load Lines
Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720), relating to amendments to the convention. Done at London Nov. 12, 1975.[1]
Acceptances deposited: F.R.G., Apr. 29, 1981;[4] Hungary, June 5, 1981; Romania, Mar. 5, 1981.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: Bahamas, May 15, 1981; F.R.G., Apr. 29, 1981;[4] Madagascar, Apr. 28, 1981.

Maritime Matters
Convention on the Intergovernmental Maritime Consultative Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.
Acceptance deposited: Saint Vincent and the Grenadines, Apr. 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.
Acceptances deposited: Oman and Switzerland, May 22, 1981.
Enters into force: May 22, 1982, except for article 51.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptances deposited: Argentina, May 26, 1981; Oman and Switzerland, May 22, 1979.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptance deposited: Switzerland, May 22, 1981.

Narcotic Drugs
Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980.
Accession deposited: Cameroon, June 5, 1981.
Ratification deposited: Turkey, Apr. 1, 1981.[5]

Patents-Microorganisms
Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980.
Accession deposited: Liechtenstein, May 19, 1981.
Ratification deposited: Switzerland, May 19, 1981.

Patents-Plant Varieties
International convention for the protection of new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: Ireland, May 19, 1981.

Pollution
Convention on long-range transboundary air pollution. Done at Geneva Nov. 13, 1979.[1]
Ratification deposited: Bulgaria, June 9, 1981.

Postal
General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981.
Ratification deposited: Bhutan, Feb. 22, 1980.

Refugees
Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accessions deposited: Egypt and Sierra Leone, May 22, 1981.

Rubber
International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Ratification deposited: U.S., May 28, 1981.

Safety at Sea
Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981.
Accessions deposited: Finland, Apr. 30, 1981; U.S.S.R., May 12, 1981.

Seals
1980 protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on conservation of North Pacific fur seals (TIAS 3948, 5558, 6774, 8368). Done at Washington Oct. 14, 1980.[1]
Senate advice and consent to ratification with understanding: June 11, 1981.

Shipping
United Nations convention on the carriage of goods by sea, 1978. Done at Hamburg Mar. 31, 1978.[1]
Accession deposited: Morocco, June 12, 1981.

Space
Agreement governing the activities of states on the moon and other celestial bodies. Adopted at New York Dec. 5, 1979.[1]
Ratification deposited: Philippines, May 26, 1981.
Signature: Uruguay, June 1, 1981.

Terrorism
Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.
Accession deposited: Turkey, June 11, 1981.

International convention against the taking of hostages. Adopted at New York Dec. 18, 1979.[1]
Accession deposited: Bahamas, June 4, 1981.
Ratification deposited: Honduras, June 1, 1981.

UNIDO
Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Ratifications deposited: Denmark, May 27, 1981; Finland, June 5, 1981.
Signatures: German Democratic Republic, May 28, 1981; Vietnam, June 16, 1981.

Wheat
1981 protocol for the sixth extension of the wheat trade convention, 1971 (TIAS 7144). Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Acceptance deposited: U.S.S.R., June 15, 1981.
Accessions deposited: Canada, India, and Pakistan, June 29 1981; Panama, June 11, 1981.
Declarations of provisional application deposited: Algeria, June 1, 1981; Argentina, June 10, 1981; Bolivia, June 25, 1981; Brazil, June 23, 1981; Egypt, Peru, June 22, 1981; France and Japan, June 29, 1981; Guatemala, June 17, 1981; U.S., June 23, 1981.[5]
Ratifications deposited: Australia, June 4, 1981; Cuba, June 30, 1981; Denmark, June 29, 1981; Korea, Republic of, May 29, 1981; Mauritius, June 9, 1981; Norway and South Africa, June 26, 1981; Saudi Arabia, June 16, 1981; Sweden, June 9, 1981; Trinidad and Tobago, June 16, 1981; Vatican City State, June 25, 1981.

Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended (TIAS 7144)). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.
Ratification deposited: U.K., June 30, 1981.

1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Accession deposited: Canada, June 29, 1981.
Declarations of provisional application deposited: Argentina, June 10, 1981; France, Japan,[5] June 29, 1981; United States,[5] June 23, 1981.
Ratifications deposited: Australia, June 4, 1981; Denmark, June 29, 1981; Norway, June 26, 1981; Sweden, June 9, 1981.

World Health Organization
Amendments to Articles 24 and 25 of the Constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the 29th World Health Assembly.[1]
Acceptance deposited: Fiji, May 20, 1981.

Amendment to Article 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978 by the 31st World Health Assembly.[1]
Acceptances deposited: Egypt, Mar. 4, 1981; Libya, Apr. 20, 1981.

Women
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Ratification deposited: Norway, May 21, 1981.
Signature: Guatemala, June 8, 1981.

World Heritage
Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.
Ratification deposited: Mauritania, Mar. 2, 1981.

BILATERAL

Austria
Agreement extending the agreements of Feb. 25 and Mar. 3, 1977 (TIAS 8685, 8686), on research participation and technical exchange in the USNRC LOFT research program, and research participation and technical exchange in the USNRC PBF research program. Effected by exchange of letters at Vienna and Washington Mar. 18 and Apr. 9, 1981. Entered into force Apr. 9, 1981; effective Mar. 3, 1981.

Argentina
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, with related protocol. Signed at Buenos Aires May 7, 1981. Enters into force upon the exchange of instruments of ratification.

Canada
Agreement on East coast fishery resources. Signed at Washington Mar. 29, 1979.
Returned from Senate at request of the President: June 17, 1981.

Treaty to submit to binding dispute settlement the delimitation of the maritime boundary in the Gulf of Maine Area, as amended, with annexed agreements. Signed at Washington Mar. 29, 1979.[1]
Instrument of ratification signed by the President: June 3, 1981.

Colombia
Agreement amending the agreement of Aug. 3, 1978, as amended (TIAS 9515, 9645, 9713, 9874), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bogota Feb. 18 and Mar. 12, 1981. Entered into force Mar. 12, 1981.

Egypt
Agreement for cooperation concerning the peaceful uses of nuclear energy, with annex and agreed minute. Signed at Washington June 29, 1981. Enters into force on date parties exchange notes that they have complied with all applicable requirements for its entry into force.

France
International express mail agreement, with detailed regulations. Signed at Washington and Paris Mar. 17 and Apr. 13, 1981. Entered into force May 18, 1981.

Convention relating to the initiation of reciprocal Express Mail/Postadex service. Signed at Washington and Paris June 6 and 24, 1975. Entered into force June 24, 1975; effective June 16, 1975. TIAS 8841.
Terminated: May 18, 1981.

Federal Republic of Germany
Technical exchange and cooperative arrangement in the field of reactor safety research and development, with appendix. Signed at Washington Apr. 30, 1981. Entered into force Apr. 30, 1981.

Guinea
Agreement for sales of agricultural commodities, relating to the agreement of Apr. 21, 1976 (TIAS 8378), with memorandum of understanding. Signed at Conakry May 9, 1981. Entered into force May 9, 1981.

Haiti
Agreement for sales of agricultural commodities, relating to the agreement of June 8, 1979, with memorandum of understanding. Signed at Port-au-Prince May 25, 1981. Entered into force May 25, 1981.

Honduras
Agreement for sales of agricultural commodities, relating to the agreement of Feb. 27, 1979 (TIAS 9521). Signed at Tegucigalpa May 22, 1981. Entered into force May 22, 1981.

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A view of the "Sacred Cow," the president's plane, taken in August 1948. (Cover and article photos courtesy of the U.S. Air Force, the National Archives, and the White House.)

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SPECIAL (See Center Section)

Atlas of United States Foreign Relations: Economics - Part 2

June 25-26, 1974. Belgium: Brussels. Attended North Atlantic Council meeting; met with King Baudouin I, and Queen Fabiola, Prime Minister Tindemans; also met with German Chancellor Schmidt, British Prime Minister Wilson, and Italian Prime Minister Rumor.

June 27-July 3, 1974. U.S.S.R.: Moscow, Minsku, Oreanda. Official visit; met with General Secretary Brezhnev, President Podgorny, and Premier Kosygin.

President Ford met with General Secretary Brezhnev in Vladivostok, U.S.S.R., in 1974.

Gerald R. Ford

October 21, 1974. Mexico: Nogales, Magdelena de Kino. Met with President Echeverria; laid a wreath at the tomb of Padre Eusebio Kino.

November 19-22, 1974. Japan: Tokyo, Kyoto. State visit; met with Prime Minister Tanaka.

November 22-23, 1974. Korea: Seoul. Met with President Park.

November 23-24, 1974. U.S.S.R.: Vladivostok. Met with General Secretary Brezhnev and discussed limitations of strategic arms.

December 14-16, 1974. France: Martinique. Met with President Giscard d'Estaing.

May 28-30, 1975. Belgium: Brussels. Attended NATO summit meeting; addressed the North Atlantic Council; met with NATO heads of state and government.

May 31-June 1, 1975. Spain: Madrid. Met with Generalissimo Franco; received keys to city from Mayor of Madrid.

June 1-2, 1975. Austria: Salzburg. Met with Chancellor Kreisky and Egyptian President Sadat.

June 3, 1975. Italy: Rome. Met with President Leone and Prime Minister Moro.

June 3, 1975. Vatican City. Audience with Pope Paul VI.

July 26-28, 1975. Germany: Bonn, Linz. Met with President Scheel and Chancellor Schmidt.

July 28-29, 1975. Poland: Warsaw, Krakow. Official visit; met with First Secretary Gierek.

July 29-August 2, 1975. Finland: Helsinki. Attended the opening session of the Conference on Security and Cooperation in Europe (CSCE); signed the Final Act of the CSCE (August 1); met with the heads of state and government of Finland, United Kingdom, Turkey, West Germany, France, Italy, and Spain; also met with Soviet General Secretary Brezhnev.

August 2-3, 1975. Romania: Bucharest, Sinaia. Official visit; met with President Ceausescu.

August 3-4, 1975. Yugoslavia: Belgrade. Official visit; met with President Tito and Prime Minister Bijedic.

November 15-17, 1975. France: Rambouillet. Attended an economic summit meeting of the heads of state and government of France, West Germany, Italy, Japan, and the United Kingdom.

December 1-5, 1975. China: Beijing. Official visit; met with Chairman Mao Zedong and Vice Premier Deng Xiaoping.

December 5-6, 1975. Indonesia: Jakarta. Official visit; met with President Suharto.

December 6-7, 1975. Philippines: Manila. Official visit; met with President Marcos.

Jimmy Carter

May 5-11, 1977. United Kingdom: London, Newcastle. Attended an economic summit meeting (May 7–8) with the heads of state and government of France, West Germany, and the United Kingdom; also met with Prime Ministers of Belgium, Turkey, Norway, the Netherlands, Luxembourg, and the President of Portugal; addressed the North Atlantic Council (May 10).

May 9, 1977. Switzerland: Geneva. Official visit; met with President Furgler and Syrian President Assad.

December 29-31, 1977. Poland: Warsaw. Official visit; met with First Secretary Gierek.

Feature:

Presidents Abroad

December 31, 1977-January 1, 1978. Iran: Tehran. Official visit; met with Shah Mohammed Reza Pahlavi and Jordanian King Hussein I.

January 1-3, 1978. India: New Delhi, Daulatpur-Nasirabad. Met with President Reddy and Prime Minister Desai; addressed the parliament.

January 3-4, 1978. Saudi Arabia: Riyadh. Met with King Khalid and Crown Prince Fahd.

January 4, 1978. Egypt: Aswan. Met with President Sadat and West German Chancellor Schmidt.

January 4-6, 1978. France: Paris, Normandy, Bayeux, Versailles. Met with President Giscard d'Estaing and Prime Minister Barre.

January 6, 1978. Belgium: Brussels. Met with King Baudouin I and Prime Minister Tindemans; attended meetings of the Commission of the European Communities and the North Atlantic Council.

March 28-29, 1978. Venezuela: Caracas. Met with President Perez; addressed the congress; signed maritime boundary agreement.

March 29-31, 1978. Brazil: Brasilia, Rio de Janeiro. Official visit; met with President Geisel; addressed the congress.

March 31-April 3, 1978. Nigeria: Lagos. Met with President Obasanjo; first state visit of a U.S. President to sub-Sahara Africa.

April 3, 1978. Liberia: Monrovia. Met with President Tolbert.

June 16-17, 1978. Panama: Panama City. Invited by President Lakas and General Torrijos to sign protocol confirming exchange of documents ratifying Panama Canal treaties; met informally with Presidents Perez (Venezuela), Lopez Michelson (Colombia), Lopez Portillo (Mexico), Carazo (Costa Rica), and Prime Minister Manley (Jamaica).

July 13-15, 1978. Germany: Bonn, Wiesbaden, Erbenheim Air Force Base, Frankfurt, Berlin. State visit; met with President Scheel and Chancellor Schmidt.

July 16-17, 1978. Germany: Bonn. Attended an economic summit meeting of the heads of state and government of France, West Germany, Canada, Italy, Japan, and the United Kingdom.

January 4-9, 1979. France: Guadeloupe. Met informally with President Giscard d'Estaing, German Chancellor Schmidt, and British Prime Minister Callaghan.

February 14-16, 1979. Mexico: Mexico D.F. State visit; met with President Lopez Portillo; addressed the congress.

March 7-10, 1979. Egypt: Cairo, Alexandria, Giza. State visit; met with President Sadat; addressed the national assembly.

March 10-13, 1979. Israel: Tel Aviv, Jerusalem. State visit; met with President Navon and Prime Minister Begin; addressed the Knesset.

March 13, 1979. Egypt: Cairo. Met with President Sadat.

June 14-18, 1979. Austria: Vienna. State visit; met with President Kerchschlager and Chancellor Kreisky; met with Soviet General Secretary Brezhnev to sign the SALT II Treaty (June 16-18).

June 25-28, 1979. Japan: Tokyo, Shimoda. State visit; met with Emperor Hirohito and Prime Minister Ohira.

June 28-29, 1979. Japan: Tokyo. Attended an economic summit meeting with the heads of state and government of Canada, France, West Germany, Italy, Japan, and the United Kingdom.

June 30-July 1, 1979. Korea: Seoul. State visit; met with President Park and Prime Minister Choi.

June 19-21, 1980. Italy: Rome. State visit; met with President Pertini.

June 21, 1980. Vatican City. Audience with Pope John Paul II.

June 21-24. Italy: Venice. Attended economic summit meeting with the heads of state and government of Canada, France, West Germany, Italy, Japan, and the United Kingdom.

June 24-25, 1980. Yugoslavia: Belgrade. Official visit; met with President Mijatovic.

June 25-26, 1980. Spain: Madrid. Official visit; met with King Juan Carlos and Prime Minister Suarez.

June 26, 1980. Portugal: Lisbon. Official visit; met with President Eanes and Prime Minister Sa Carneiro.

July 9-10, 1980. Japan: Tokyo. Official visit; attended memorial services for Prime Minister Ohira; met with Chinese Premier Hua Guofing. ■

At Giza, Egypt, President and Mrs. Carter were the guests of President and Mrs. Sadat.

This list has been prepared annually by the Office of the Historian, Bureau of Public Affairs, and was most recently updated by Evan M. Duncan, Research and Reference Historian.

our ability to respond to contingencies in the region.

U.S. policy with regard to northern Ireland, which has traditionally been one of impartiality, was outlined in the President's statement of March 17, 1981. We will continue to urge the parties to come together for a just and peaceful solution, and we will continue to condemn all acts of terrorism and violence. The President also called on all Americans to question closely any appeal for financial or other aid from groups involved in the conflict to insure that contributions do not end up in the hands of those who perpetrate violence, either directly or indirectly.

Republic of Ireland. With the Republic of Ireland, excellent relations reflect the enormous reservoir of reciprocal good will with the United States. There is, however, no formal treaty relationship between us. Northern Ireland remains the single most important issue that we face jointly. But, with Ireland's membership in the EC, our consultations now extend across a wide range of international problems. During this current U.N. assembly, Ireland assumed a seat in the Security Council and held the Council presidency in April, gaining an important voice in the U.N. forum. We have made clear our support and appreciation for Ireland's considerable contribution to peace in the Middle East through participation in the U.N. peacekeeping forces in Lebanon.

Belgium, Netherlands, and Luxembourg. Traditionally, our relations with Belgium, the Netherlands, and Luxembourg have been marked by an absence of bilateral problems. Representative of the strength and continuity of these excellent relations is the fact that, in 1982, we will celebrate the 200th anniversary of the establishment of U.S.-Dutch diplomatic relations, the longest unbroken friendly relationship in our history.

The important issues which the United States and the Benelux nations face together are predominantly related to security concerns. They are actively involved in support of the alliance, for example, participating in host nation support for U.S. rapid reinforcement of NATO. Belgium and the Netherlands, as countries for TNF deployment, particularly welcome the Administration's reaffirmation of TNF arms control as an integral part of NATO's 1979 decision to modernize its theater nuclear forces. The Belgian Government's decision on TNF deployment is consistent with the NATO decision. The Netherlands has informed its NATO partners that it will decide the issue of TNF deployment by the end of 1981. The decision will be taken by a Dutch Government to be formed in the aftermath of the May 26 elections. The visit to Washington of the then Dutch Prime Minister in May emphasized the Administration's desire for the closest possible consultations with all members of NATO and the EC. Both Belgium and the Netherlands maintain significant aid programs which contribute to stability in developing countries, such as Zaire and Indonesia.

Finland, Sweden, Norway, Denmark, Iceland. The Nordic area—including Finland, Sweden, Norway, Denmark, and Iceland—is one of increasing strategic importance. The buildup of Soviet forces in the Kola Peninsula continues unabated and poses a growing threat to NATO, as well as to the nonaligned states of the region. As a step toward redressing the imbalance in the area, we concluded with Norway a memorandum of understanding in January which provides for the prepositioning in central Norway of equipment for a U.S. Marine amphibious brigade of 10,000–12,000 men. As a result, in time of crisis, U.S. reinforcements will be able to link up quickly with their equipment and supplies.

It is because of the presence of Soviet forces in the area that we view with concern recent discussions about a Nordic nuclear-weapons-free zone. While we endorse measures which lessen tension in the region, the concept of the Nordic nuclear-weapons-free zone is unbalanced, ignoring the massive nuclear armaments in the Kola Peninsula and in the Baltic region. Realizing the asymmetry of the proposal, the governments of NATO allies in the region have opposed the plan which excludes Soviet territory from the area of applicability.

The Nordic states may not all share the same perspective on security affairs. But, they are a closely knit group with many common views on international issues such as human rights, assistance for developing states, arms control, and U.N. peacekeeping. We enjoy a close consultative relationship with these countries on a wide range of subjects and welcome the many high-level contacts we have had in recent months. The visits of the Icelandic foreign minister and the chairman of the Greenland Home Rule Authority are indicative of the importance which the United States attaches to these consultations.

Countries of Central and Southwestern Europe

As the Reagan Administration confronts the worldwide Soviet challenge, we are trying to improve the quality of security cooperation with our friends and allies in Europe. The focal point for the effort is NATO, but we also have important bilateral security relationships with several NATO members, as well as with Spain. The Treaty of Friendship and Cooperation with Spain expires on September 21, 1981. We have begun negotiating a successor to it. The first meetings have gone well.

Spain and Portugal. Although not related to the bilateral negotiations, the question of Spain's entry into NATO is an important one. We believe membership in the alliance would benefit both Spain and NATO. The Government of Spain is actively considering the question. If it decides to seek an invitation to join, we will give our strong support.

During the coming year, we will also begin the process of updating our security relationship with Portugal. The bilateral agreement that governs our use of the Portuguese air base at Lajes in the Azores expires in early 1983. As we renegotiate that agreement, we will also be exploring areas where both sides might benefit from expanded cooperation.

We watched with admiration during the past year as the young democracies in Iberia met the challenge posed in Portugal by the tragic death of a popular prime minister and in Spain by an attempted coup. Both nations reconfirmed their commitment to democracy. Both governments understand and appreciate that our support for democracy in Spain and Portugal is strong and unequivocal.

Because rumors persist in Spain about other possible coup attempts, I would like to take this occasion to reiterate this Administration's strong support for democratic government in Spain. We are confident that the consolidation of democratic government will continue so that Spain will be able to assume its rightful place in Europe and in the Western alliance. We would be strongly opposed to any attempt to turn back the clock since it would be a great tragedy for Spain and a terrible blow to the Western democratic world.

France. We are following with intense interest developments in France and the workings of French democracy which brought a new president to power in May and will elect a new legislature later this month. We look forward to establishing the same kind of close and cooperative relationship with President Mitterrand and Prime Minister Mauroy that we enjoyed with their predecessors. Although elements of the bilateral relationship between our governments may change in some areas, we expect it to continue to be among the most important for the United States.

Italy. Italy is of great strategic importance to NATO and the United States. Italian contributions to NATO's southern flank are vital in insuring that the sea remains open and free. Italy has been directing greater attention to its key role in the Mediterranean. Italian political democracy, its status as a major U.S. trading partner, and traditional links with the United States make for a close partnership. Italy has joined with us and with its northern neighbors in the tough but necessary decisions like theater nuclear force modernization. Relations between the United States and Italy continue to be close and productive. The depth of that relationship was demonstrated once again by the support which the U.S. Congress and private Americans gave to Italy following the tragic earthquake in November 1980—$50 million in U.S. Government contributions and many more millions in private contributions are being dedicated to reconstruction efforts.

The government of Prime Minister Arnaldo Forlani resigned on May 26. Following political consultations, President Pertini asked Forlani to attempt formation of a new government. Forlani reiterated his commitment to Atlantic alliance initiatives undertaken by Italy and to the struggle against inflation and terrorism. We consulted closely with the Forlani government and fully expect the same kind of cooperative relationship with its successor, whether led by Forlani or another person designated by the Italian President.

Eastern Mediterranean

Greece. U.S. policy toward Greece recognizes that that nation is a key ally, playing a valuable role in the common defense—particularly in this period of critical developments in regions bordering on the eastern Mediterranean. The United States continues firmly to support the Greek people's commitment to democratic ideas, strong democratic institutions, and a vigorous democratic process that will include parliamentary elections later this year. This commitment to democracy was strengthened when Greece joined the EC on January 1 and deepened its ties with Europe. Although there will be some adjustments in U.S. trade with Greece as a result, we welcome Greek accession.

Greece has moved in recent times to strengthen its defense relationship with the West—first, by returning its military forces to the alliance's integrated command structure on October 20, 1980, and, second, by entering into negotiations for a new defense and economic cooperation agreement with the United States. Greece's reintegration into NATO closed a 6-year gap in the southern flank and augurs well for alliance solidarity in the face of the Warsaw Pact threat. It also provided an indication of improved relations between Greece and Turkey: Both nations now are making an effort to cooperate within the alliance and to continue bilateral talks at regular intervals to resolve their differences. The cooperation agreement negotiations are designed to modernize and update provisions under which U.S. military activities will be conducted. Talks are continuing intensively in Athens under the direction of our Ambassador, and we expect that an effective and mutually satisfactory agreement will result.

Cyprus. As stated in the President's report to Congress on Cyprus (March 20), a just, fair, and lasting resolution to the problems of Cyprus is an Administration priority. After almost 7 years of effort, it is time for a fair settlement which will benefit all the Cypriot people. The United States strongly supports the intercommunal negotiations under the stewardship of the United Nations. We are convinced that, while the negotiating path may be protracted and difficult, it is only through direct negotiations between the communities that a stable, enduring settlement on Cyprus can be found.

Since the U.N.-sponsored intercommunal talks resumed in August 1980, developments have been regrettably slow. This pace reflects the complexities of the problems, the longstanding intercommunal differences, and a slowdown in the schedule of meetings associated with elections on Cyprus. However, we believe that the continuation of the talks and the good atmosphere surrounding them constitute a positive development in the search for a solution to the Cyprus problem.

We are also encouraged by the decision on April 22 for agreement on the terms of reference for a committee on missing persons. Because this issue has been one of the most emotionally charged and divisive aspects of the Cyprus problem, the agreement—achieved after 2 years of painstaking negotiation—suggests that patient, persistent negotiating between both communities, under U.N. aegis, holds the potential for success, even on apparently intractable issues.

Cypriot Foreign Minister Nicos Rolandis, who visited Washington, May 18–19, had useful meetings with Secretary Haig and Vice President Bush. These discussions complement talks held with Turkish Foreign Minister Ilter Turkmen on April 1 in Washington and on May 4 at the NATO ministerial in Rome, and with Greek Foreign Minister Constantinos Mitsotakis on May 3 at the NATO ministerial. The meetings were helpful, including useful exchanges of views on Cyprus.

France

DEPARTMENT STATEMENT, JUNE 24, 1981[1]

France is a valued ally and friend of the United States. As a sovereign democratic nation, France has chosen a new President and a new legislature. We welcome the opportunity to continue the excellent relationship between our two countries.

The Vice President is currently in Paris for consultations with President Mitterrand on the full range of issues of joint concern to the United States and France. He is continuing the high-level exchanges of views which have included messages between President Reagan and President Mitterrand and a visit here by Minister Cheysson [Foreign Minister Claude Cheysson].

While we fully recognize and respect the right of the Government of France to determine its own composition, it is a fact that the tone and content of our relationship as allies will be affected by the inclusion of Communists in that government or in any government of our West European allies. Since the end of World War II, all U.S. Administrations have pursued policies reflecting this view. Our policies have not changed.

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[1] Made available to news correspondents by acting Department spokesman David Passage. ■

tor and supply of enriched uranium were subject to International Atomic Energy Agency (IAEA) controls. Iraq further points out that no violations were found and that all enriched uranium supplied to Iraq was accounted for. Iraq, therefore, believes Israel's action was unprovoked aggression.

The United States is deeply concerned about nuclear proliferation. We have long been concerned about the Iraqi nuclear facility because it could give Iraq the capability to build atomic weapons if other elements were added. Furthermore Iraq has made no secret of its enmity toward Israel. We have shared these concerns in the past with appropriate governments and made clear our view that global adherence to, and respect for, the most stringent safeguards is essential. While the NPT and IAEA safeguards regime are still critical to any nonproliferation effort, we can all agree that we should work to strengthen today's safeguards to further allay the kind of suspicion and mistrust that contributed to Israel's action.

It is also important to understand that although safeguards are vital, there are other critical elements required to deal with the proliferation problem. For example, material that is in a nearly weapons-usable form presents special dangers and should be minimized or avoided. This is why we believe that suppliers must exercise care in their nuclear activities, and particularly so in volatile areas of the world. The nonproliferation policy guidelines we will soon be discussing with you take explicit account of these facts.

The United States was not consulted in any way about any phase of the Israeli action, nor were we informed of it in advance. Although we had concerns about the potential of Iraq's nuclear program, we do believe that the Israelis had not exhausted all the diplomatic options available for alleviating their concerns. We further believe that the unprecedented character of the Israeli air attack could not but seriously add to the already tense situation in the area and seriously complicate our effort to resolve the various problems in the area through peaceful means. For these reasons we condemned Israel's attack. In addition, the President decided to suspend the scheduled delivery of four F-16s to Israel while the Congress considered the issue and while we consulted with Israel and others.

Neither our condemnation nor the suspension of delivery of the four aircraft implied that we had reached any determination of the legal questions under the Arms Export Control Act that may have been raised by Israel's action. We have not made such a determination under the act. Nor should our condemnation be construed as implying that we did not ourselves have serious misgivings regarding the ultimate character and direction of the Iraqi nuclear program.

We are concerned by the damage that resorting to violence does to the cause of peace in the region. But we also must note that Iraq has not recognized the legitimacy of Israel, has refused to ascribe to U.N. Security Council Resolutions 242 and 338 and rejected the Camp David accords, and has not played a constructive role in the peace process.

We continue to believe that force and hostility are not the answers to the problems of the Middle East. The people of the Middle East yearn for peace so that the vast human, natural, and technical resources of the region can be turned to the pursuits of peace and so that this area can become a model for coexistence and cooperation among nations. This yearning can only be realized through redoubled efforts by all parties to find negotiated solutions to the problems they face. The issues before us today only accentuate this fact.

Since the attack, we have been engaged in consultations with Israel and other appropriate governments. Our consultations are continuing, and we are not prepared today to render any judgments on the merits of the issues or reach any determinations. We believe that the issue in its essence is political rather than legal, and for this reason our efforts are directed toward political solutions. This is a grave matter that must not be treated in haste. Therefore, our efforts and our review are continuing. We will keep the committee informed as we continue our review of the issues.

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[1] Read to news correspondents by Department spokesman Dean Fischer.

[2] Identical letters were sent to House Speaker O'Neill and Senator Percy (text of the letter to Senator Percy was issued as a White House press release).

[3] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Situation in the Middle East

STATEMENT BY WHITE HOUSE DEPUTY PRESS SECRETARY, JUNE 11, 1981[1]

The President today is meeting with the Ambassadors to discuss his initiatives for peace in the Middle East.[2] He wants the Ambassadors of the various countries to be aware of his commitment and the commitment of the United States to the furtherance of the peace process in that critical region of the world. He wishes the Ambassadors to convey this to their respective governments. The President will welcome their views on this matter.

The mission of Ambassador Habib [Philip C. Habib, the President's special emissary to the Middle East] continues today with the important goals as outlined by the President when he asked the Ambassador to undertake this important venture. This is to seek a reduction of the tensions and a lessening of the possibility of conflict arising out of developments in Lebanon which affect the entire region. The President regards this goal to be of utmost importance. He wishes that the Habib mission will continue in cooperation with the concerned parties, whom we hope share our sense of the mission's continued importance.

[The President said,] "The incident[3] earlier this week is evidence the only answer in the Middle East is to achieve a true peace. As long as there is suspicion among the nations, the specter of further tragedies will hang over us."

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[1] Read at the daily press briefing at the White House by Larry M. Speaks (text from Weekly Compilation of Presidential Documents of June 15, 1981).

[2] On the afternoon of June 11, the President held meetings with, first, the Ambassadors of Bahrain, Saudi Arabia, Morocco, Jordan, and Sudan, and then with the Ambassador of Israel.

[3] The Israeli bombing of the Osirak nuclear facility near Tuwaitha, Iraq.■

U.S. Defers F-16 Shipment to Israel

SECRETARY'S PRESS BRIEFING,
OTTAWA,
JULY 20, 1981[1]

The President has authorized me to make the following statement.

The President has decided to defer the shipment of F-16s to Israel. This matter remains under review.

Q. The obvious question is why are you deferring a decision on the shipment?

A. Clearly, the President has concluded that the escalating cycle of violence in the Middle East at this time would make a decision to ship this equipment inappropriate.

Q. Is this still part of the original review of Israel's raid into Iraq, or has it now shifted primarily to the situation in Lebanon?

A. The basic review, of course, is associated with the raid against the Iraqi reactor. But, as I said Sunday morning, it would be specious to suggest that the escalating cycle of violence in the Middle East, the casualties among noncombatants on both sides of the border between Lebanon and Israel, was not a contributing factor to the delay in the President's ultimate decision on this matter, and he has decided to defer.

Q. What has been the problem in trying to get a cease-fire commitment? Did you try to get a cease-fire commitment from [Prime Minister] Begin before making your decision?

A. No. This decision is not related in any way to the discussions ongoing between Ambassador Habib [Philip C. Habib, the President's special emissary to the Middle East] and his efforts to structure a calming of the situation and, hopefully, a cease-fire among the parties. This is a decision that is made essentially in the context of the overall climate in the Middle East in which the level of violence has been increasing in recent days.

Q. Did the President consult with other summit members here, and did they offer their support and encouragement for this position?

A. No, he did not consult on the specific decision. This is a decision that has been made by the President alone after consultation with his key advisers within the U.S. Government. Incidentally, the view of his advisers was unanimous on this subject.

Having said that, I want to also suggest to you that there have been a number of expressions of concern by all of the summit participants with respect to the worsening situation in the Middle East and the dangers that it poses for future peace in the area.

Q. Can you tell us the latest on the Habib mission? Has Mr. Begin been asked to agree to a cease-fire, and has he refused to do so?

A. No, I wouldn't describe the situation in those terms at all. I think we have been, after attempting with all of the parties, directly and indirectly, to structure a cease-fire—an immediate cease-fire—to terminate the dangers to especially innocent noncombatants who have been involved, unfortunately, on both sides of the border. We have discussed this with Prime Minister Begin. He has not rejected the concept, but I think he feels, and correctly so, that he is a parliamentary government and he has to discuss this with his cabinet. That's scheduled to take place, as I understand, tomorrow.

There are a number of very difficult questions facing Mr. Begin and his cabinent with respect to this subject. However, it is our strong conviction that the elimination of the violence is the best method by which to proceed and to establish a more lasting peace.

Q. Does this apply to all 10 of the aircraft, and would you say that the suspension is indefinite?

A. I wouldn't describe it as indefinite or temporary or prolonged. It does involve all F-16 shipments, the four originally involved in the Iraqi raid and that suspension decision, plus the six which were scheduled to leave on the 21st—tomorrow morning.

Q. Under what conditions would you decide to send the planes in the future?

A. I don't want to establish preconditions. I think the situation has escalated to such a degree that the President felt it would have been highly inappropriate to send additional armaments into the area while this level of violence continues and until the situation clarified.

Q. Has this been communicated to the Israeli Government, and is there no time limit? I mean, it's an indefinite delay as we see it now.

A. The announcement I made here a few moments ago has been conveyed to the Israeli Government—prior to the announcement being made here.

Q. And it is an indefinite delay? That is an appropriate way to state it?

A. I would say the review continues and, clearly, the future level of violence in the area will have a very special impact on when that review will be completed and the ultimate decision that's made. But I do want to make the point that this is not a decision that's linked to any specific action on the part of the Government of Israel but rather our concern that any action that the United States would take at a tense period such as this must be dominated by what we consider to be a contributor to moderation and to a return to *status quo ante* and normalcy in the area.

Q. Was this decision colored by the expressions of concern that the President heard here? Would he have made a different decision had he not been here?

A. No. I think, frankly, he would have made his decision regardless of whether or not he had been here in Ottawa for a summit. I think the decision was based on the objective realities of the situation in the Middle East today.

Q. There are other F-16s and F-15s that are being built for Israel and are coming up for shipment next month. Are all of them suspended as well?

A. I would certainly anticipate that the circumstances of the moment which have contributed to the deferral decision this evening will be behind us. But it's too early to say and it would be premature for me to do so.

Q. What message is being sent to Mr. Begin by deferring the shipment?

A. It isn't a question of messages to Mr. Begin. It's a question of appropriate actions that the United States would take in a situation of increasing danger and in stability in the Middle East area, and I think it's very important we focus on that as the logic which determined the President's course of action this evening.

Q. If you had sent the planes, would that not have been sending a message?

International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICCROM)
Agreement relating to a procedure for United States income tax reimbursement. Effected by exchange of letters at Rome Apr. 1 and May 4, 1981. Entered into force May 4, 1981; effective Jan. 1, 1981.

Italy
Arrangement for the exchange of technical information and cooperation in nuclear safety matters, with appendices and patent addendum. Signed at Washington Apr. 1, 1981. Entered into force Apr. 1, 1981.

Japan
Memorandum of understanding relating to the protocol of Apr. 25, 1978, amending the international convention for the high seas fisheries of the North Pacific Ocean, as amended, (TIAS 9242). Signed at Washington June 3, 1981. Entered into force June 3, 1981.

Kenya
Agreement amending the agreement for sales of agricultural commodities of Dec. 31, 1980 (TIAS 9969). Effected by exchange of letters at Nairobi May 4 and 22, 1981. Entered into force May 22, 1981.

Korea
Agreement for sales of agricultural commodities, relating to the agreement of June 7, 1979 (TIAS 9562), with negotiating minutes. Signed at Seoul May 18, 1981. Entered into force May 18, 1981.

Kuwait
Memorandum of agreement for the U.S.-Kuwait technical cooperation program in health. Signed at Geneva May 8, 1981. Entered into force May 8, 1981.

Liberia
Agreement regarding the consolidation and rescheduling of certain debts owed to, or guaranteed by the U.S. Government and its agencies, with annexes. Signed at Monrovia May 7, 1981. Enters into force upon receipt by Liberia of written notice from the U.S. Government that all necessary legal requirements for entry into force of this agreement have been fulfilled.

Mauritius
Agreement for sales of agricultural commodities, relating to the agreement of June 29, 1979 (TIAS 9541), with minutes of negotiation. Signed at Port Louis May 27, 1981. Entered into force May 27, 1981.

Mexico
Arrangement for the exchange of technical information and cooperation in nuclear safety matters. Effected by exchange of letters at Mexico and Washington July 30 and Oct. 15, 1980, with implementing procedures signed at Bethesda Apr. 8, 1981. Entered into force Apr. 8, 1981.

Agreement amending the agreement of Nov. 9, 1972, as amended (TIAS 7697, 9436, 9647), concerning frequency modulation broadcasting in the 88 to 108 MHz band. Effected by exchange of notes at Mexico and Tlatelolco Feb. 18 and May 20, 1981. Entered into force May 20, 1981.

Morocco
Agreement for cooperation concerning peaceful uses of nuclear energy, with annex and agreed minute. Signed at Washington May 30, 1980.
Entered into force: May 16, 1981.

Netherlands
Treaty on mutual assistance in criminal matters, with exchange of notes. Signed at The Hague June 12, 1981. Enters into force 30 days after the exchange of instruments of ratification.

Norway
Agreement concerning fisheries off the coasts of the U.S., with annex and agreed minutes. Signed at Washington Jan. 26, 1981.
Entered into force: May 15, 1981.

Pakistan
Agreement regarding the consolidation and rescheduling of certain debts owed to the U.S. Government and the Agency for International Development, with annexes. Signed at Islamabad May 10, 1981. Enters into force upon receipt by Pakistan of written notice from the U.S. Government that all necessary legal requirements for entry into force have been fulfilled.

Peru
Agreement amending the cooperative agreement of July 24, 1980 (TIAS 9823), to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Signed at Lima Dec. 10, 1980. Entered into force Dec. 10, 1980.

Agreement amending the cooperative agreement of July 24, 1980, as amended (TIAS 9823), to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Signed at Lima Jan. 26 and Feb. 9, 1981. Entered into force Feb. 9, 1981.

Sri Lanka
Agreement for sales of agricultural commodities, relating to the agreement of Mar. 25, 1975 (TIAS 8107), with agreed minutes. Signed at Colombo May 29, 1981. Entered into force May 29, 1981.

Agreement extending the agreement of May 12 and 14, 1951, as amended and extended (TIAS 2259, 4436, 5037, 8414), relating to the facilities of Radio Ceylon. Effected by exchange of letters at Colombo Apr. 9 and 16, 1981. Entered into force Apr. 16, 1981.

Thailand
Agreement amending the agreement of Oct. 4, 1978, as amended (TIAS 9215, 9462, 9643, 9717, 9937), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok Mar. 30 and Apr. 27, 1981. Entered into force Apr. 27, 1981.

Turkey
Agreement amending the agreement of Aug. 15 and 31, 1979 (TIAS 9588), concerning the grant of defense articles and services under the military assistance program. Effected by exchange of notes at Ankara Apr. 13 and May 27, 1981. Entered into force May 27, 1981.

United Kingdom
Agreement regarding support to the Royal Air Force detachment at Hickam Air Force Base. Signed at Honolulu Apr. 21, 1981. Entered into force Apr. 21, 1981.

Arrangement for the exchange of technical information and cooperation in nuclear safety matters. Signed at Washington May 15, 1981. Entered into force May 15, 1981.

Zaire
Agreement for sales of agricultural commodities, relating to the agreement of May 30, 1980, with memorandum of understanding. Signed at Kinshasa May 7, 1981. Entered into force May 7, 1981.

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[1] Not in force.

[2] On behalf of the Kingdom in Europe and the Netherlands Antilles.

[3] Not in force for the U.S.

[4] With declaration.

[5] With reservation.■

June 1981

June 3

Secretary Haig transmits the 10th semiannual report on implementation of the Helsinki Final Act to Chairman Dante Fascell of the Commission on Security and Cooperation in Europe. The report covers the period December 1980–May 31, 1981.

In Geneva, the 67th annual International Labor Organization conference is held June 3–24.

June 4

The following newly appointed Ambassadors presented their credentials to President Reagan: Mohamoud Haji Nur of Somali; Salah HADJI Farah Dirir of Djibouti; Henricus A. F. Heidweiller of Suriname; Dr. Jose Rafael Molina Morillo of the Dominican Republic; and Dr. Joseph Saye Guannu of Liberia.

French Foreign Minister Claude Cheysson makes official visit to Washington, D.C. June 4–7.

June 7

Mexican President Jose Lopez Portillo y Pacheco makes official visit to Washington, D.C. June 7–9.

June 8

U.S. Government condemns the June 7 raid on the Iraqi nuclear facility near Tuwaitha.

June 9

Having arrived in the U.S. for consultations on May 28, U.S. envoy Philip Habib departs for the Middle East for a second round of talks with area leaders aimed at reducing tensions in Lebanon.

Members of the U.S.-Iran Claims Tribunal (three appointed by the U.S. and three by Iran), acting within the framework of the Algiers declarations, mutually agree to appoint the remaining three members of the tribunal. Those selected are Justice Gunnar Lagergren of Sweden, Justice Pierre Bellett of France, and Justice Nils Mangard of Sweden. Previous appointments of three U.S. and three Iranian members, respectively, are Howard M. Holtzmann, George H. Aldrich, and Richard M. Mosk; and Mahmoud M. Kashani, Seyyed Hossein Enayat, and Shafey Shafeiei.

Deputy Secretary Clark departs U.S. for an official visit to South Africa June 10–14 to continue discussions begun during Foreign Minister Botha's visit to Washington (May 14) on an internationally acceptable settlement of Namibian independence. He is accompanied by Elliott Abrams, Assistant Secretary for International Organization Affairs and Chester Crocker, Assistant Secretary-designate for African Affairs.

June 10

Secretary Haig departs for an official visit to Hong Kong June 12–14; Beijing to discuss U.S.-China bilateral relations June 14–17; to Manila to attend the Association of South East Asian Nations (ASEAN) conference June 17–20; and to Wellington to attend the ANZUS [Australia, New Zealand, United States pact] Council meeting June 21–23.

In response to the June 7 Israeli raid on the Iraqi nuclear facility, President Reagan suspends delivery of four F-16 aircraft to Israel pending a review of possible violation by that country of the 1952 Mutual Defense Assistance Agreement.

June 12

The following newly appointed Ambassadors presented their credentials to President Reagan: Arturo J. Cruz of Nicaragua; Nelson Thompson Mizere of Malawi; Ernesto RIVAS Gallont of El Salvador; Georges N. Leger, Jr. of Haiti; and Vasco Luis Caldeira Coelho FUTSCHER PEREIRA of Portugal.

June 14

The U.S. and Pakistan announce agreement on the dimensions of a U.S. assistance package providing $3 billion in economic aid and military sales.

June 15

Representing the Secretary of State, Deputy Secretary Clark attends the International Energy Agency ministerial meeting in Paris.

President El Hadj Omar Bongo of Gabon, during a private visit to Washington, D.C. meets with the President and Vice President.

Organization of African Unity Council of Ministers holds 37th ordinary session in Nairobi, Kenya, June 15–24.

June 16

Deputy Secretary Clark heads U.S. delegation to the OECD [Organization for Economic Cooperation and Development] ministerial meeting in Paris June 16–17.

June 17

Deputy Secretary Clark visits Brussels June 17–18 to meet with Belgian, NATO, and European Community officials.

Assistant Secretary-designate for Inter-American Affairs Thomas O. Enders visits Latin America June 17–22 to initiate a series of consultations on bilateral and regional issues with Latin American leaders and to seek views of new U.S. policy direction.

June 19

By vote of 15 to 0, U.N. Security Council adopts a resolution condemning the Israeli attack on an Iraqi nuclear facility as a violation of the U.N. Charter, calls on Israel to refrain from such acts in the future, considers that Iraq is entitled to appropriate redress, and calls for Israel to place its nuclear facilities under IAEA [International Atomic Energy Agency] safeguards.

Prime Minister Lee Kuan Yew of Singapore, during a private visit to the U.S., visits Washington, D.C. June 16–19 for meetings with the President and other U.S. officials.

June 20

Deputy Secretary Clark visits Austria to participate in the Alpbach "Dialogue Congress Western Europe-U.S.A." June 20–22. He addresses the opening session of the Congress on the 21st and goes to Vienna June 23–25 to meet with high-level Austrian officials to address a meeting (June 24) of the Austrian Foreign Policy Association.

June 21

In the final round of the French elections, the Socialists win an absolute majority of the National Assembly's 491 seats.

June 22

In view of improved emigration and human rights policies in China, Romania, and Hungary, the Reagan Administration asks the Congress to continue most-favored-nation (MFN) trade status for these Communist countries.

Iran's Ayatollah Khomeini dismisses President Bani-Sadr after the Iranian Parliament declares him politically imcompetent. An arrest warrant is issued for the ex-President (June 25) who is in hiding.

Two U.S. diplomats, First Secretary John David Finney and Public Affairs Officer Michael Francis O'Brien, are expelled from Zambia for alleged CIA activities in that country. State Department denies the allegations of interference in Zambian internal affairs.

June 23

Vice President Bush makes official visit to France and the United Kingdom June 23–26.

A three-member ruling council assumes duties of Iran's ousted President Bani-Sadr. The council consists of clerical hardliners led by the Ayatollah Mohamaed Beheshti.

French President Mitterrand appoints a Socialist dominated Cabinet which includes four Communist ministers. The Communists will hold the Ministries of Transport, Civil Service, Health, and Professional Training.

June 24

Fifty-nation OAU [Organization of African Unity] opens annual summit meeting June 24–27.

June 26

U.S. envoy to the Middle East, Philip Habib, returns to Washington for consultations.

June 27

OAU Council of Ministers adopts a unanimous resolution condemning the U.S. for "undertaking steps to forge close links with the aparthied regime" of South Africa and denouncing the U.S., France, and the U.K. for vetoing the U.N. Security Council resolution calling for sanctions against that country. The resolution also condemns certain Western countries, particularly the U.S., for "overt or covert collusion with the South African racists" and "rejects sinister schemes" by "certain members of the Western contact group, particularly the U.S., to circumvent efforts made by the U.N. to achieve a settlement in Namibia." The U.S. issues a statement finding the OAU resolutions to "contain serious distortions" of U.S. policy and contends that the U.S. is "firmly committed to pursuing an internationally recognized independence for Namibia."

June 29

Australian Prime Minister J. Malcolm Fraser makes official visit to Washington, D.C. June 29–July 1.

Vice President Bush heads U.S. delegation to the inauguration of President Marcos in Manilla June 29–July 1.

In Iran, Ayatollah Beheshti, Chief Justice and leader of the Islamic Republican Party, and 71 other members of the party are killed by a bomb explosion during a meeting at the party's headquarters. Iran's security forces blame the bombing on the U.S., its agents, and internal leftist groups. Secretary Haig rejects Iranian allegations of U.S. complicity. Khomeini names a new Chief Justice, Iran's Prosecutor General, Abdolkarim Musavi Ardebili, to replace Beheshti.

U.S. and Egypt sign a peaceful nuclear cooperation agreement. The agreement culminates a negotiating process begun in 1974.

June 30

Israel holds parliamentary elections. Early projections suggest a close race between the Likud and Labor Parties, with an official tally expected shortly.

Garret Fitzgerald is elected Prime Minister of Ireland.

President Theodore Roosevelt was the first U.S. President to travel abroad, in 1906.

Presidents Abroad

Air Force One taxis to a stop at the edge of the red carpet. The honor guard comes to attention and a smiling President descends the ramp waving to the crowd. Thus begins a typical trip abroad for an American President. But such trips for a Chief Executive were not always so routine. In fact, some felt a President surrendered his authority at the territorial limits of the U.S., or even at the boundary of the District of Columbia.

In 1876 when President Grant returned to Washington, D.C., from a trip within the U.S., he was asked by the House of Representatives if he had performed any official duties far from the "seat of government" and whether such duties were "incompatible with the public interest." Grant's reply cited various official acts performed by his predecessors outside the District, and he contended that "the telegraph affords to the President . . . quick intercourse with the Departments at Washington as may be maintained while he remains in the capital."

Theodore Roosevelt was the first President to break with tradition when he sailed to Panama in 1906 to inspect progress on the "big ditch." While his journey aroused much comment, it caused few constitutional questions. He traveled aboard a U.S. warship and was outside U.S. jurisdiction for only a short time during a stop in Panama City.

William Howard Taft's trips to Panama and Ciudad Juarez created little comment, but in 1918, Woodrow Wilson's trip to Paris caused a furor.

Much of the criticism was partisan in nature and concerned American policy at the Paris peace conference, but there also was concern about the conduct of the government during the prolonged absence of the President. "An eminent jurist" wrote in *The New York Times* that since Congress had to present enacted bills to the President, the Vice President would lawfully assume the duties of office once the President was on the high seas.

Concurrent resolutions were introduced in congressional committees stating that the President's absence from the U.S. rendered him unable to discharge his official powers under the Constitution. The House proposal required the Vice President to assume power during the President's absence. The Senate resolution went so far as to declare the office of the President vacant. Neither resolution, however, was reported out of committee, and Vice President Marshall told the Cabinet that he was informally presiding over its meetings at the President's request.

In a 1918 article in *The Washington Post*, former President Taft defended Wilson's trip, arguing that the Constitution empowered the President to make treaties, and it was, therefore, "a curious error to assume that the President himself may not attend a conference to which he can send a delegate." Taft wrote that most official duties could be transacted by cable. The question of whether the President's authority traveled with him was never raised again.

It was Franklin Roosevelt's World War II meetings with Allied leaders that finally established foreign travel as an accepted means of conducting U.S. foreign relations.

The following chronology lists visits by Presidents and Presidents-elect, including all places they met with a chief of state or head of government, stops made en route, and the purpose of the visit. The characterization "state" or "official" visit is included when it appeared in an official announcement.

Theodore Roosevelt

November 14-17, 1906. Panama: Colon, Panama City. Inspected construction of the Panama Canal; departed the United States on November 9 and returned November 26. First foreign visit by any President or President-elect.

A Strategic Approach to American Foreign Policy

At Secretary Haig's address before the American Bar Association in New Orleans on August 11, 1981.[1]

Americans admire law. At its best, it expresses our sense of justice, moderation, and fair play. It also reflects our national character—our enthusiastic idealism and our famous pragmatism. Uncoordinated, these traits could lead us in contradictory directions. Yet when they are in balance, they give us the strength, confidence, and skill that has made us great.

We have discovered that foreign policy, like law, must be rooted in the strength of our national character. A foreign policy that forsakes ideals in order to manipulate interests offends our sense of right. A foreign policy that forsakes power in order to pursue pieties offends our sense of reality. Only a vision with worthy ideals can capture our imagination. Only a practical program for achieving those ideals can be worthy of our support.

Despite the vicissitudes of history, Americans have always rallied to the vision of a world characterized by freedom, peace, and progress. President Reagan shares this vision. He also understands that progress toward such a world depends on the strength of the United States. More than money and arms, such strength comes from our willingness to work for our convictions and even to fight for them.

In the 1980s, these convictions will be put to a hard test. Familiar patterns of alliance and ideology are breaking down, and strategic changes have already occurred that demand a different approach to American foreign policy. Let me summarize these changes briefly.

- The Communist bloc, once the tightly disciplined instrument of Soviet power, has been shaken by the Sino-Soviet schism. Increasingly severe internal problems afflict the Soviet-controlled states. And chronic economic failure has eroded the appeal of Marxist-Leninist theories.
- At the same time, the Third World has emerged in all of its diversity. The fragile initial solidarity of the modernizing states has begun to fragment. Their internal stability is threatened by sudden social, political, and economic change. Simultaneously, the West has become increasingly dependent on their natural resources.
- The prospects for peaceful progress have been overshadowed, not only by regional conflict but also by the emergence of the Soviet Union as a global military power. The Soviets have chosen to use their power to take advantage of instability, especially in the developing world. They have become bolder in the promotion of violent change.
- The new Soviet military capability has not been offset by Western strength. The United States has gradually lost many of the military advantages that once provided a margin of safety for the West—in some cases by choice, in others through neglect and error. Our partnership with Western Europe and Japan has been shaken by quarrels over political and economic issues.

These strategic changes raise important questions about Western security in the decade ahead.

- Can the United States and its allies finance the rebuilding of their military strength? The answer is yes. Despite our economic troubles, we possess resources far exceeding those of potential adversaries. But this depends on popular support for defense polices and a diplomacy that encourages cooperation.
- Can the Atlantic alliance and other collaborative institutions survive in the new environment? The answer is yes. The cooperative impulse still exists. But this impulse may not survive another decade of relative military decline or sterile economic rivalry.
- Can the West and the developing countries find common interests? The answer is yes. The West alone offers the technology and know-how essential to overcoming the barriers to modernization. The developing countries, whatever their ideology, are beginning to recognize this fact. But a successful relationship also demands an imaginative approach on our part to both the economic and the security aspects of modernization.
- Can the United States hold together its allies and friendships, despite adverse strategic changes? The answer is yes. But our allies and friends must be confident of American leadership. They must also be confident that the security arrangements deterring the Soviet Union are effective, and we are the linchpin of these arrangements. The American role remains unique and indispensable.

These crucial questions can all be answered in the affirmative if American foreign policy is sensitive to both American ideals and the changes in the strategic environment. President Reagan believes that the key to success lies in a strategic approach. The time is long past when we could pursue foreign, defense, and economic policies independently of each other. In today's world, the failure of one will beget the failure of the others. Instead, each of these policies must support the others if any is to succeed. And success in each makes for the success of all.

Pillars of Support

This strategic approach provides the support for a new foreign policy structure with four pillars: first, the restoration of our economic and military strength; second, the reinvigoration of our alliances and friendships; third, the promotion of progress in the developing countries through peaceful change; and fourth, a relationship with the Soviet Union characterized by restraint and reciprocity.

The first pillar of our foreign policy is the restoration of America's economic and military strength. The President understands that a weak American economy will eventually cripple our efforts abroad. His revolutionary programs of budgetary reductions, tax cuts, and investment incentives have earned the overwhelming support of the American people and the Congress. After years of persistent problems, American economic recovery will not be easy. But hope in a better future—a sounder dollar, more creative enterprise, and a more effective government—has been raised.

At the same time, the President is taking long overdue action to correct our military deficiencies. This includes modernization and balanced expansion of our existing forces. It also includes the improvement of our industrial base. These efforts will make it easier for the United States, our allies, and other nations to resist threats by the Soviet Union or its surrogates.

The American people's willingness to support this program, even in time of austerity, is the indispensable signal that we are prepared to defend our vital interests. But we should not delude ourselves. A beginning is not enough. If we fail to follow through on these forecast improvements to our defenses, then our foreign policy, our prosperity, and ultimately our freedom will be in jeopardy.

The second pillar is the reinvigoration of our alliances and friendships. We have been working toward a more effective Western partnership, sensitive to the concerns of our allies and built on a more sophisticated process of consultation. Already, we have taken action together on such issues as the Polish crisis and theater nuclear forces. We are also working on common approaches to the problems of southern Africa. Finally, the Ottawa summit has enabled the leaders of the West to deepen their understanding of each other's policies.

American leadership means cooperation with friends as well as with allies. Such cooperation is not a favor, it is a necessity. We need friends to succeed. And both we and our friends must be strong and faithful to each other if our interests are to be preserved. Our actions in the Far East, in Southwest Asia, and in the Middle East have demonstrated that the era of American passivity is over.

The third pillar of our policy is our commitment to progress in the developing countries through peaceful change. We want to establish a just and responsible relationship with the developing countries. This relationship will be based, in part, on our belief that our principles speak to their aspirations and that our accomplishments speak to their future. But it will also be based on our mutual interest in modernization. Western capital, trade, and technology are essential to this process.

The United States stands ready to assist the developing countries and to participate in the so-called North-South dialogue. President Reagan recognizes that the essence of development is the creation of additional wealth rather than the selective redistribution of existing wealth from one part of the world to another. Progress depends on both domestic economic policies and on the strength of the world economy. The governments of the developed and developing countries, along with the private sector, each have their special roles to play in establishing the close and constructive relationships that are crucial to success.

The United States has already begun to put this new approach into practice through a unique program with Jamaica. We are also acting with Mexico, Venezuela, and Canada to create a Caribbean Basin plan. And we are looking forward to the Cancun summit. We believe that this summit, free of a confrontational atmosphere, will facilitate the dialogue on problems of the developing countries.

Western assistance for development stands in stark contrast to the actions of the Soviet Union, which offers little economic aid. Instead, Moscow and its surrogates seek to exploit historic change and regional conflict to the detriment of peaceful progress. The United States and its allies are working with regional partners to arrest the trend toward violence and instability, and we have increased our security assistance in recognition of the crucial link between modernization and political stability.

The fourth pillar is a relationship with the Soviet Union marked by greater Soviet restraint and greater Soviet reciprocity. I want to discuss this pillar at length today because Soviet-American relations must be at the center of our efforts to promote a more peaceful world.

Over a century ago, Alexis de Tocqueville predicted that the United States and Russia were destined to become the world's most powerful states. This prophecy has come to pass in the nuclear age. Our unreconciled differences on human rights must, therefore, not be permitted to bring a global catastrophe. We must compete with the Soviet Union to protect freedom, but we must also search for cooperation to protect mankind.

This search has been both difficult and disappointing. Most recently, we invested extraordinary efforts in the decade-long search for detente. But even as the search for a reduction in tensions intensified, the instrument of tension—Soviet military power—was strengthened. This buildup gained momentum from a remarkably stable and prosperous period in Soviet history.

As the Soviet arsenal grew and the West failed to keep pace, Moscow's interventionism increased. The achievement of global military power, justified as parity with the West but exceeding it in several categories, assumed a more ominous role: the promotion of violent change, especially in areas of vital interest to the West. Today's Soviet military machine far exceeds the requirements of defense; it undermines the balance of power on which we and our allies depend, and it threatens the peace of the world. An international system where might—Soviet might—makes right, endangers the prospects for peaceful change and the independence of every country.

Perhaps predictably, the Soviet attempt to alter the balance of power has produced a backlash. The American people have shown that they will not support unequal treaties; they will not accept military inferiority. The once-staunch Chinese ally has become an implacable opponent of the Soviet quest for hegemony. And Moscow has earned the enmity and fear of many nonaligned states through such actions as the occupation of Afghanistan and support for Vietnam's subjugation of Kampuchea.

This backlash comes at a time when Soviet prospects are changing for the worse. The economies of Moscow's East European allies are in various stages of decline. The Soviet economy itself may have lost its capacity for the high growth of the past. Ambitious foreign and defense policies are, therefore, becoming more of a burden. Perhaps most seriously, as events in Poland have demonstrated, the Soviet ideology and economic model are widely regarded as outmoded.

The decade of the 1980s, therefore, promises to be less attractive for Moscow. But the troubles and power of the Soviet Union should give pause to

Over a century ago, Alexis de Tocqueville predicted that the United States and Russia were destined to become the world's most powerful states.

We believe that there is some potential for positive development this summer but such can only come about through the U.N. negotiations. The United States, however, will continue to work closely with all parties to the discussion in order to encourage patient, flexible negotiating and creative approaches to longstanding problems.

Turkey. The lifting of the partial arms embargo in September 1978, the conclusion of the comprehensive defense and economic cooperation agreement in March 1980, and sustained and generous U.S. military and economic assistance have put our relations with Turkey, a major ally, on an excellent footing. The Turkish Government is strongly pro-NATO and pro-United States. The smooth implementation of the cooperation agreement has enabled us to operate our military logistical and intelligence collection facilities effectively and efficiently.

The central feature of our relationship is our shared commitment to the security of the Atlantic alliance. Continued high levels of assistance are essential to support our policy goals—that is, that Turkey regain economic health and political stability; play an effective role in NATO; continue ongoing efforts to resolve bilateral differences with Greece; and promote a negotiated solution to the Cyprus problem.

A healthy, growing Turkish economy will provide the basis for a stable society and a return to democractic institutions. The Turkish authorities have committed themselves to a courageous program for economic stabilization. The economy is showing signs of recovering from the deep financial crisis of the late 1970s, but significant levels of economic assistance from the United States and other OECD donors will be necessary for at least the next several years. On the military side, the Turkish Armed Forces have embarked upon a long overdue modernization program which will help Turkey fulfill its NATO role. Turkey's strategic importance to NATO and the West has been underlined dramatically by events to Turkey's south and east.

Canada

Although U.S. relations with Canada do not fall under the responsibility of this subcommittee, some note concerning our close relations with our major trading partner and nearest ally may be in order. U.S.-Canadian relations cover a broad range of concerns—economic, political, commercial, cultural, and defense. We share the same general point of view and the same goals on a broad range of both bilateral and international questions.

President Reagan's visit to Ottawa in March was valuable in reassuring Canada of the important place it holds in U.S. foreign policy, and in reconfirming the positive tone of the U.S.-Canadian relationship. The most important bilateral issues concern trade, investment, energy, fisheries, and boundary questions, and the environment. The two countries have worked cooperatively to resolve outstanding questions, although our interests and outlooks differ on many issues.

We have been concerned that Canada's energy policies might adversely affect U.S. firms. I am pleased that Canada recently announced measures which meet some of our principal concerns. For Canada, the question of transboundary air pollution, or acid rain, is a volatile political issue. We are determined to continue to move ahead on our joint scientific work related to the air pollution problem, and we will open formal negotiations on an air pollution agreement later this month.

Canada takes an active role in NATO, and Canada expects this year to meet the 3% goal for annual increase in defense spending. Canada and the United States have worked together in seeking solutions to ongoing problems in southern Africa, Southwest Asia, and the Middle East. Finally, Canada's role in international peacekeeping has been second to none.

CONCLUSIONS

The Reagan Administration has made a solid start in foreign affairs in general and in relations with West Europe and Canada in particular.

- Together with those nations, we have sent a clear signal to the Soviet Union that it must exercise much greater restraint in the face of renewed Western resolve.
- We have begun to restore our allies' confidence that we appreciate their concerns and take them into account, as we demonstrate the leadership they respect.
- We are working with Canada and the nations of Western Europe to encourage stability and reduce the risk of war in developing nations.
- And we are restoring the economic health of the United States which will, in turn, serve the broader interests of the West as a whole.

In sum, we recognize the enormous challenges before us. But, we have set clear priorities for a consistent and balanced policy. We are prepared, in close consultations and cooperation with the nations of Western Europe and Canada, to move forward with confidence on issues of shared concern.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

U.S. Policy Toward the U.S.S.R., Eastern Europe, and Yugoslavia

by Lawrence S. Eagleburger

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on June 10, 1981. Ambassador Eagleburger is Assistant Secretary for European Affairs.[1]

You have asked me to meet with you twice for a review of U.S. policy toward Europe. I welcome the opportunity to put the policy of this Administration on the record. Last week I focused on our relations with Western Europe. I stressed our interest in the military security and economic well-being of the transatlantic community and our clear commitment to good bilateral ties throughout the region.

Today I will concentrate on our relations with the Soviet Union, Yugoslavia, and the nations of Eastern Europe. I will emphasize our concern with the challenge from adversaries and our commitment to building constructive ties over time that promote lasting peace.

This week, as last, I speak against the backdrop of the Reagan Administration's overall foreign policy. It is a policy with four points that bear on our relations not only with Western Europe but also with those nations I address today:

- Our insistence on restraint and reciprocity in East-West relations;
- Our determination to strengthen our alliances, particularly NATO;
- Our intention to play a constructive role in the developing nations of the world; and
- Our resolve to strengthen our economy and our defenses.

A fundamental point of departure for this presentation is the distinction between the Soviet Union and Eastern Europe and, indeed, among the countries of Eastern Europe themselves. Nothing could serve our interests in that part of the world worse than to lump them into one bloc. Each nation presents unique problems and unique opportunities for the United States.

The U.S.-Soviet relationship remains the most important element of U.S. foreign policy. As it has since the end of World War II, the Soviet Union represents the primary threat to U.S. security and interests. Our efforts to deal with that threat have the most profound implications for our national defense posture, our budget, and the rest of American diplomacy. Failure to deal adequately with the challenges presented us by the Soviet Union would have the most serious of consequences, for the United States and for the rest of the world.

Yugoslavia and each of the nations of Eastern Europe have their own distinctive character and dynamics. In our relations with the Warsaw Pact countries of Eastern Europe, we seek to encourage evolutionary change toward greater diversity and national independence. We do so because of the conviction that this approach will serve best our interest in stability and peace in Europe. Yugoslavia—a unique, nonaligned nation—is of special importance to the United States. Our relations with that nonaligned country are qualitatively different from those of the Warsaw Pact countries of Eastern Europe. We have not had relations with Albania since World War II.

Bearing these distinctions in mind, let me turn to:

- Relations with the Soviet Union: status of that relationship, the new approach of the Reagan Administration, progress to date, and prospects for the future; and
- Relations with Yugoslavia and the nations of Eastern Europe: our general interests and instruments of policy and ties with the individual countries.

U.S.-SOVIET RELATIONS

Status of the Relationship

Relations between the United States and the Soviet Union have rarely been more troubled than at the present. The roots of current bilateral tensions are buried in fundamentally different systems and world views. But, in recent years, a number of factors have sharpened dramatically the differences between our two countries. The most significant of these factors has been a growing lack of restraint on the part of the Soviet Union. This tendency has manifested itself in a variety of ways.

First, there has been an unprecedented Soviet military buildup. Soviet military expenditures have grown steadily over the past 20 years at an average of 4%–5% a year. As a result, a conservative estimate of our spending and theirs shows that the Soviets outspent us by 30% in 1979 alone. The Soviet effort has allowed the U.S.S.R. to pull abreast of us in strategic and naval forces and in other areas of traditional U.S. predominance, while improving in both quantitative and qualitative terms its margin of superiority around its borders. It has also given the Soviet Union unprecedented capabilities for the projection of power.

Second, the Soviets have shown a growing propensity to use force as an instrument of policy. Directly, as in Afghanistan, or acting through proxies, as in Angola and Ethiopia, the Soviets have shown a growing preference for military solutions to regional issues. At the same time, their support of so-called movements of national liberation and organizations engaging in international terrorism has continued unabated, despite its impact on relations with the West.

Even in Europe—an area the Soviets have tried to make an "island of detente" in order to further Soviet economic and political goals and to insure access to Western credits and technology—the Soviet Union has resorted to the most blatant tactics of intimidation to influence events in Poland. While the military situation in and around that country is not as alarming as earlier this year, heavy Soviet political pressure continues and Soviet military intervention could still come with little warning.

The Soviet Union's increasingly assertive behavior stems only partly from its enhanced military capabilities. It can also be attributed to the lack of credible constraints on the part of the United States and other nations. For whatever reasons—and they are many and complex—the Soviet leadership in recent years has shown little regard for the ability and/or the will of the West to respond effectively to its challenges. And, when the West has responded, it has too often been without coherence or real credibility.

A New Relationship

The Reagan Administration has moved forcefully in its first 4 months in office to reverse these trends. We seek a relationship with the Soviet Union which better serves U.S. interests—a relationship grounded in realities, not hopes. Such a relationship must be based on two principles: restraint and reciprocity.

A. I suppose you could say whatever you did would have sent a message one way or the other. The simple facts are that that was not the deciding factor in the President's decision but rather the escalating level of violence and a decision on the President's part which would be designed to contribute to greater moderation in the area.

Q. Since the Israeli aggression in Lebanon undermines continuously the American influence and Israel knows very well that it can get away with this since Israel has tremendous influence over the U.S. Congress, I wonder if your government would negotiate this mattter with the U.S. Jewish congress?

A. Without joining some of the premises of your question, which I'm not sure that I could do, let me assure you that we have been in rather constant touch with the leadership on this matter. There were, I believe, hearings today that touched upon this subject, and while there will be differing viewpoints in the Congress, we feel that we have consulted appropriately in conjunction with this decision.

Q. Do you think the Israeli aggression in Lebanon is undermining American influence in the Middle East?

A. I'm not sure I understood what you said. I think you said, "is this situation undermining American influence in the Middle East."

Q. Yes.

A. I think the United States bears a very special responsibility for the situation in the Middle East—it's been historically so. Anything that occurs in the Middle East, good or bad, the United States tends to enjoy or to suffer from the consequences. This is no exception.

Q. A good deal of other military materiel has been in the pipeline—U.S. to Israel. Is that materiel continuing to be sent and that includes, I believe, air-to-air missiles and air-to-ground missiles?

A. This deferral decision this evening involves the F-16 aircraft, the four and the six that I mentioned earlier. It does not involve other equipment in the pipeline and en route to Israel.

Q. Could you explain to us the logic of that if the U.S. Government believes that it's not advisable to send additional weaponry in because of the escalating violence, why is it going ahead and sending other weaponry in?

A. I think the question at hand and the decision facing the President this evening and over the past 48 hours has been the F-16 issue, and that issue has been addressed and that decision has been made. The other aspects of the problem do not apply in the deliberations that have taken place, and I'll just leave it there.

Q. Could you elaborate a little bit more on this decision—exactly when it was made tonight, who took part in that decision, and, specifically, when and how this decision was made by the President?

A. I don't think it's appropriate to lay out a litany of the checklist of who was involved. But clearly, everyone who is responsible for national security affairs in the broad sense, together with the President's closest advisers and his personal staff, have been engaged in this matter for an extended period of time. I don't have to suggest otherwise because it wouldn't be true. We had meetings last week on this subject, before we came here to Ottawa, and we have had meetings here at Ottawa with respect to that subject.

The decision was made this evening by the President, and we had the benefit of the advice of all appropriate officials of the executive branch. He had the benefit of consultative advice from certain leaders of the Congress, and in the face of that advice and the President's own responsibilities to be the ultimate decisionmaker, he made his decision.

Q. You have said that this decision is not linked to any specific action by Israel. But won't the decision be read in this country, and perhaps elsewhere, as indicating that this Administration feels that Israel is more to blame than the Palestinians in the current wave of escalating violence?

A. I would hope that that specific value judgment would not be made but rather that the facts of the situation, as I described them, would be the overriding contributor to the President's decision; that is, and I repeat, the President's personal conviction that the United States must conduct itself at this time in such a way that its actions will contribute to a peaceful solution to this anguishing and very tense situation in the Middle East today.

Q. Against the background of Israel holding a cabinet meeting tomorrow, was the President's decision designed to put pressure on the cabinet to accept a cease-fire, and secondly, if the cabinet should, in fact, accept a cease-fire, will the suspension be lifted?

A. Not at all. I think those of you, and I know you are among those who do follow this situation very, very closely, know precisely the sequence of events which has led to tonight's decision, and in no way could that be attributed to an effort to apply pressure one way or the other on an important national meeting which will take place in Israel tomorrow.

This is a decision which I reiterate again, and you gentlemen and ladies knew precisely, as deadlines approached and shipment schedules faced us that there was no way that the President could have manipulated the circumstances, or that we could have, which would have made tonight's decision any different. Something could have happened that would have made it much easier, but, nonetheless, that would be a very incorrect logic that you just outlined.

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[1] Press release 244.■

Multinational Force in the Sinai

DEPARTMENT STATEMENT, JUNE 25, 1981[1]

We are very pleased by the announcement today in Cairo that Egyptian, Israeli, and U.S. negotiators have reached preliminary agreement on the texts of documents relating to the establishment of a multinational force and observers to carry out the terms of the Treaty of Peace Between Egypt and Israel.

These documents are being submitted to their respective governments for confirmation. It is expected that they will be initialed within a matter of days. Formal signing by the three parties would then take place later next month.

This negotiation is a major step forward in the implementation of the Treaty of Peace Between Israel and Egypt and the strengthening of the relations between them. We congratulate the negotiators on their success.

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[1] Read to news correspondents by acting Department spokesman David Passage.■

U.S. Assistance to Pakistan

JOINT STATEMENT, JUNE 15, 1981[1]

James L. Buckley, Under Secretary of State for Security Assistance [Science, and Technology], and a team of U.S. officials from Washington, concluded their 5-day visit to Pakistan today and will fly back to the United States from Karachi early on the morning of June 16. During his visit, Mr. Buckley met for 2 days of talks with senior Pakistan leaders and officials including President [Mohammad] Zia-ul-Haq; Foreign Minister Aga Shahi; Finance Minister Ghulam Ishaq Khan; the Secretaries General of the Foreign and Defense Ministries, S. Shah Nawaz and Maj. Gen. (retired) M. Rahim Khan; Foreign Secretary Riaz Piracha; Lt. Gen. Ejaz Azim; Ambassador-designate to Washington, Lt. Gen. K. M. Arif; Chief of Staff to the President; and others. Mr. Buckley also visited Murree and refugee camps in the northwest frontier province and Baluchistan.

Mr. Buckley's visit, at the invitation of the Government of Pakistan, was part of the continuing dialogue established between the Pakistan Government and the U.S. Government during the last 4 months and aimed at finding ways for the United States to assist Pakistan in meeting the unprecedented threats it faces to its independence and sovereignty as a consequence of the developments in the region. The previous round in these talks had taken place in April when Foreign Minister Agha Shahi headed a team of senior Pakistani officials for talks with Secretaries Haig and Weinberger [Secretary of Defense Caspar W. Weinberger] in Washington, D.C.

Mr. Buckley's official talks in Islamabad, which took place on June 13 and 14, centered on U.S. proposals to provide economic assistance and to facilitate sales of military equipment to Pakistan. Detailed discussion took place on various levels of assistance and the composition of assistance required by Pakistan. The talks also provided an opportunity for discussions of urgent Pakistani military requirements which the United States has agreed to look into with a view toward determining which ones the United States might be able to satisfy through its foreign military sales program.

During the talks, the two sides discussed the serious threat to the region posed by the presence of foreign troops in neighboring Afghanistan. Both sides agreed that a strong and independent Pakistan is in the mutual interest of the United States and Pakistan, as well as of the entire world. Mr. Buckley affirmed American determination to assist Pakistan and to support Pakistan's sovereignty and territorial integrity.

The Pakistani side explained Pakistani policies, especially Pakistan's commitment to the principles and purposes of the nonaligned movement and the Organization of the Islamic Conference. Both sides agreed that U.S. assistance as proposed is consistent with these principles and with Pakistan's nonaligned status. Mr. Buckley specifically disclaimed any American interest in military bases or in establishing any new alliances.

The United States and Pakistan discussed the dimensions of an overall framework for American efforts to assist Pakistan over the next 6 years. This includes a program of cash military sales during this year. It also includes a 5-year program of economic support funds, development assistance, and loans for foreign military sales—the total value of which is expected to be approximately $3 billion, subject to annual approval by the U.S. Congress.

The multiyear approach is in response to the seriousness and immediacy of the threat to Pakistan's security. The United States has agreed to the sale of F-16 aircraft to Pakistan to assist Pakistan to improve its air defense capabilities; terms, timing, and numbers will be determined in a later meeting, likely to take place in Washington, between Pakistani and American military representatives. The United States agreed, also, to the early delivery of selected defense equipment urgently needed by Pakistan defense forces to meet the threats Pakistan faces.

Mr. Buckley invited the Government of Pakistan to send a team of military and defense officials to Washington to discuss military equipment needs and availabilities in detail. This visit is expected to take place before the end of June.

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[1] Made available to news correspondents by acting Department spokesman David Passage. ■

Results of July 16 Philippines elections show President Ferdinand Marcos wins 88% of the vote. He is inaugurated for another 6-year term.■

PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
173	6/1	U.S. contributions to ICRC.
*174	6/1	James L. Malone sworn in as Assistant Secretary for Oceans and International Environmental and Scientific Affairs (bio. data).
*175	6/1	Lawrence S. Eagleburger sworn in as Assistant Secretary for European Affairs, May 15 (bio. data).
176	5/29	Haig: address and question-and-answer session before the St. Louis Town Hall Forum.
*177	6/1	Philip C. Habib named as personal representative to the President, May 5 (bio. data).
*178	6/2	Leonore Annenberg sworn in as Chief of Protocol, May15 (bio. data).
*179	6/2	James L. Buckley sworn in as Under Secretary for Security Assistance, Science, and Technology, Feb. 28 (bio. data).
180	6/3	Haig: remarks before the National Foreign Policy Conference for U.S. Editors and Broadcasters, June 2.
*181	6/3	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), panel on bulk cargoes of the working group on containers and cargoes, June 17.
*182	6/3	Jacob K. Javits named as special adviser to the Secretary (bio. data).
*183	6/4	Conference for Young Political Leaders, June 12.
*184	6/5	Program for the official visit to the U.S. of President Lopez Portillo of Mexico, June 7–9.
*185	6/8	SCC, SOLAS, working group on radiocommunications, June 18.
*186	6/9	Three additional members appointed to the U.S.-Iran Claims Tribunal.
*187	6/10	Foreign fishing allocations.
*188	6/10	Chester A. Crocker sworn in as Assistant Secretary for African Affairs, June 9 (bio. data).
*189	6/11	U.S. delegation named to the intergovernmental council of the international program for the development of communication.
*190	6/12	Robert D. Hormats sworn in as Assistant Secretary for Economic and Business Affairs, May 21 (bio. data).
*191	6/12	Ronald D. Palmer sworn in as Ambassador to Malaysia (bio. data).
192	6/15	Allied public statement on East Berlin *Volkskammer* elections, June 14.
193	6/16	Haig: toast at a banquet hosted by Vice Premier and Foreign Minister Huang Hua, Beijing, June 14.
*194	6/16	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, June 30.
*195	6/16	Advisory Committee on International Investment, Technology, and Development, July 9.
196	6/17	Haig: news conference, Beijing, June 16.
197	6/22	Haig: toast at a banquet for Vice Premier and Foreign Minister Huang Hua, Beijing, June 16.
198	6/22	Haig: arrival statement, Manila, June 17.
199	6/22	Haig: news conference, Manila, June 20.
*200	6/23	Haig: remarks at the American cemetery and memorial, Manila, June 18.
201	6/23	Haig: toast at a dinner hosted by Foreign Minister Romulo, Manila, June 20.
202	6/26	Haig: arrival statement, Wellington, June 21.
203	6/26	Haig: remarks at the ANZUS dinner, Wellington, June 20.
*204	6/24	Maxwell M. Rabb sworn in as Ambassador to Italy (bio. data).
*205	6/25	Theodore E. Cummings sworn as Ambassador to Austria (bio. data).
*206	6/26	Program for the official visit of Prime Minister J. Malcolm Fraser of Australia, June 29-July 1.
*207	6/26	Arthur F. Burns sworn in as Ambassador to the Federal Republic of Germany (bio. data).
208	6/29	Haig: remarks to the press, Los Angeles, June 25.
*209	6/29	Myer Rashish sworn in as Under Secretary for Economic Affairs (bio. data).
*210	6/29	Thomas O. Enders sworn in as Assistant Secretary for Inter-American Affairs (bio. data).
211	6/30	Haig: interview on "Face the Nation," June 28.
*212	6/30	President's commission on hostage compensation, July 6 and 7.
*213	6/30	Advisory Committee on International Investment, Technology, and Development, July 15.
*214	6/30	Advisory Committee on the Law of the Sea, July 23 and July 24 (partially closed).

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* Not printed in the BULLETIN.■

PUBLICATIONS

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

Interview on "Face the Nation," June 28, 1981 (Current Policy #291).

News conference, May 22, 1981 (Current Policy #281).

Africa

Background Note on Cape Verde (May 1981).

East Asia

Khmer Relief (GIST, June 1981).

Background Notes on China (June 1981).

Economics

U.S. Prosperity and the Developing Countries (GIST, June 1981).

Europe

U.S. Policy Toward the U.S.S.R., Eastern Europe, and Yugoslavia, Assistant Secretary Eagleburger, June 10, 1981 (Current Policy #284).

U.S. Policy Toward West Europe and Canada, Assistant Secretary Eagleburger, June 2, 1981 (Current Policy #283).

Middle East

Israeli Raid Before the Security Council, Ambassador Kirkpatrick, June 19, 1981 (Current Policy #288).

South Asia

Background Notes on Pakistan (April 1981).

Terrorism

International Terrorism, Under Secretary Kennedy, June 10, 1981 (Current Policy #285).

International Terrorism (GIST, June 1981).

Western Hemisphere

U.S.-Mexican Relations, Acting Deputy Assistant Secretary Briggs, June 10, 1981 (Current Policy #286).

Tasks for U.S. Policy in the Hemisphere, Assistant Secretary-designate Enders, June 3, 1981 (Current Policy #282).■

GPO Sales

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. A 25% discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders. Prices shown below, which include domestic postage, are subject to change.

Background Notes: These short, factual summaries describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, a reading list, and information for tourists. (A complete set of all Background Notes in stock—$31 domestic; $37 foreign. A 1-year subscription service for about 60 updated or new Notes—$16; $20 foreign; plastic binder—$2.) Single copies are available at $1.50; and $1.90 foreign. They are available by country name and date. Notes issued before April 1981 cost $1; $1.90 for foreign. The following Notes were published in April 1981.

Canada	7pp.
Liechtenstein	4pp.
Malta	4pp.
Portugal	8pp.
Zimbabwe	7pp.

Agricultural Commodities. Agreement with Nicaragua. TIAS 9798. 5pp. $1. (Cat. No. S9.10:9798.)

Agricultural Commodities. Agreement with Kenya. TIAS 9815. 5pp. $1. (Cat. No. S9.10:9815.)

Cooperation in Agriculture. Agreement with Nigeria. TIAS 9819. 5pp. $1.50. (Cat. No. S9.10:9819.)

Aviation—Technical Assistance and Services. Agreement with Oman. TIAS 9824. 20 pp. $1.50. (Cat. No. S9.10:9824.)

Social Security. Agreement with Switzerland. TIAS 9830. 67pp. (Cat. No. S9.10:9830.)

Cultural Relations. Agreement with the People's Republic of Bulgaria. TIAS 9831. 8 pp. $1.25. (Cat. No. S9.10:9831.)

Atomic Energy—Research Participation and Technical Exchange. Agreement with the Federal Republic of Germany and Japan. TIAS 9835. 15 pp. $1.50. (Cat. No. S9.10:9835.)

Mutual Defense Assistance—Cash Contribution by Japan. Agreement with Japan. TIAS 9837. 6pp. $1.50. (Cat. No. S9.10:9837.)

Trade in Textiles and Textile Products. Agreement with Mexico. TIAS 9839. 4pp. $1. (Cat. No. S9.10:9839.)

Agricultural Commodities. Agreement with Liberia. TIAS 9841. 25pp. $1.75. (Cat. No. S9.10:9841.)

Agricultural Commodities. Agreement with Egypt. TIAS 9843. 8pp. $1.25. (Cat. No. S9.10:9843.)

Trade in Textiles and Textile Products. Agreement with the Republic of Korea TIAS 9844. 13pp. $1.25. (Cat. No. S9.10:9844.)

Military Assistance—Defense Articles and Services. Agreement with Portugal. TIAS 9846. 5pp. $1. (Cat. No. S9.10:9846.)

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Basic Village Services. Agreement with Egypt. TIAS 9851. 27pp. $2.25. (Cat. No. S9.10:9851.)

Rural Health and Family Planning Services. Agreement with Nepal. TIAS 9852. 23pp. $2.25. (Cat. No. S9.10:9852.)

Cooperation in Environmental Protection. Agreement with Japan. TIAS 9853. 7pp. $1.75. (Cat. No. S9.10:9853.)

Preservation of Halibut Fishery of Northern Pacific Ocean and Bering Sea. TIAS 9855. 38pp. $2.00. (Cat. No. S9.10:9855.)

Transboundary Air Pollution. Agreement with Canada. TIAS 9856. 27pp. $1.75. (Cat. No. S9.10:9856.)

Agricultural Commodities. Agreement with Mozambique. TIAS 9857. 23pp. $1.75. (Cat. No. S9.10:9857.)

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Atomic Energy—Transfer of Research Reactor and Enriched Uranium to Malaysia. TIAS 9863. Agreement with the International Atomic Energy Agency and Malaysia. 16pp. $1.50. (Cat. No. S9.10:9863.)

Environmental Protection. Memorandum of Understanding with Nigeria. TIAS 9864. 8 pp. $1.50. (Cat. No. S9.10:9864.)

Scientific and Technological Cooperation. Agreement with Nigeria. TIAS 9865. 8pp. $1.25. (Cat. No. S9.10:9865.)

International Military Education and Training (IMET). Agreement with Togo. TIAS 9866. 5pp. $1.50.(Cat. No. S9.10:9866.)

Technical Coo[illegible]ation in Testing of Iron Ore. Agreem[illegible] with Saudi Arabia. TIAS 9867. 5pp. $1.00. (Cat. No. S9.10:9867.)

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Trade in Textiles and Textile Products. Agreement with Colombia. TIAS 9874. 3pp. $1.50. (Cat. No. S9.10:9874.)

Atomic Energy—Cooperation for Mutual Defense Purposes. Agreement with the United Kingdom of Great Britain and Northern Ireland. TIAS 9688. 4pp. $1.00. (Cat. No. S9.10:9688.)

Satellite Based Global Positioning and Navigation System. Memorandum of Understanding with Canada. TIAS 9689. 19pp. $1.50. (Cat. No. S9.10:9689.)

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Cooperation in Agriculture. Joint Statement with the People's Republic of Bulgaria. TIAS 9692. 11pp. $1.25. (Cat. No. S9.10:9692.)

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Narcotic Drugs—Additional Cooperative Arrangements to Curb Illegal Traffic. Agreement with Mexico. TIAS 9695. 5pp. $1.00. (Cat. No. S9.10:9695.)

Narcotic Drugs—Salary Supplements. Agreement with Mexico. TIAS 9696. 5pp. $1.00. (Cat. No. S9.10:9696.)

Atomic Energy—Technical Information Exchange and Nuclear Safety Matters. Arrangement with Spain. TIAS 9697. 32pp. $2.00. (Cat. No. S9.10:9697.)

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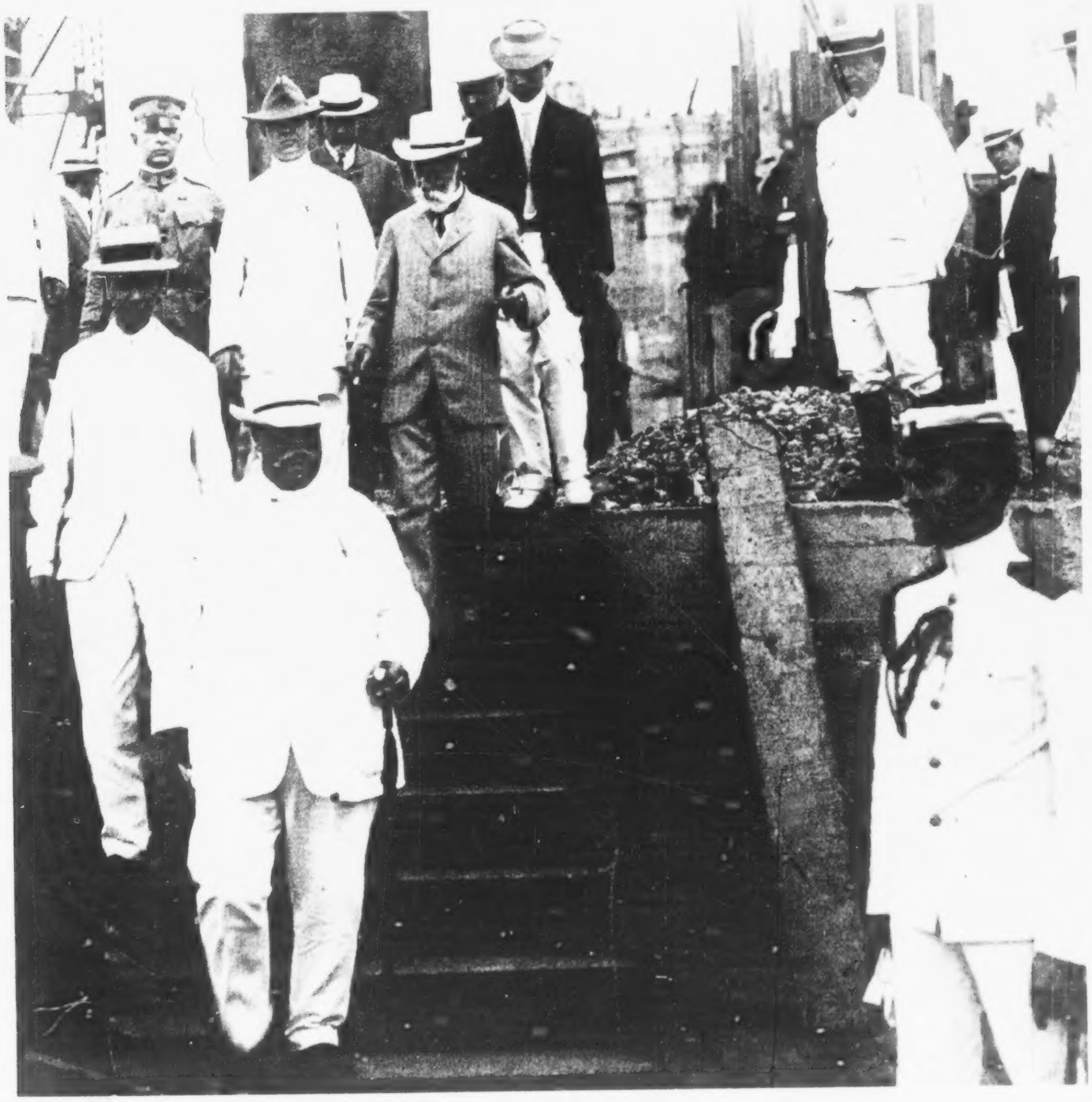
Safety of Life at Sea, 1974. Agreement with Other Governments. TIAS 9700. 246 pp. (Cat. No. S9.10:9700.)

General Agreement on Tariffs and Trade—Bovine Meat. Arrangement with Other Governments. TIAS 9701. 29pp. $1.75. (Cat. No. S9.10:9701.)



As President-elect, William Howard Taft visited Panama in 1909 to inspect construction of the canal.

In 1923 President Harding returned from Canada aboard the U.S.S. Henderson.

William Howard Taft

January 29-February 7, 1909 (as President-elect). Panama: Colon, Panama City. Inspected construction of the Panama Canal; met with President Obaldia.

October 16, 1909. Mexico: Ciudad Juarez. Part of an exchange of visits with President Diaz across the border.

Woodrow Wilson

December 14-25, 1918. France: Paris, Chaumont. Preliminary to the Paris peace conference; departed the United States on December 4.

December 26-28, 1918. United Kingdom: London, Carlisle, Manchester. Met with Prime Minister Lloyd George and King George V.

January 1-6, 1919. Italy: Rome, Milan, Genoa, Turin. Met with King Victor Emmanuel III and Prime Minister Orlando.

January 4, 1919. Vatican City. Audience with Pope Benedict XV.

January 7-February 14, 1919. France: Paris. Attended Paris peace conference; departed for the United States on February 15.

March 14-June 18,1919. France: Paris. Attended Paris peace conference; departed from the United States on March 4.

June 18-19, 1919. Belgium: Brussels, Charleroi, Malines, Louvain. Met with King Albert; addressed the parliament.

June 20-28, 1919. France: Paris. Attended Paris peace conference; returned to the United States on July 8.

Warren G. Harding

November 24, 1920 (as President-elect). Panama: Colon, Balboa. Informal visit to the Canal Zone.

July 26, 1923. Canada: Vancouver. Official reception during return from Alaska.

Calvin Coolidge

January 15-17, 1928. Cuba: Havana. Addressed the 6th international conference of American states.

Herbert Hoover

November 26-December 23, 1928 (as President-elect). Honduras: Amapala and El Salvador: Cutuco (November 26); Nicaragua: Corinto (November 27); Costa Rica: San Jose (November 28); Ecuador: Guayaquil (December 1); Peru: Lima (December 5); Chile: Antofagasta, Santiago (December 10-11); Argentina: Buenos Aires (December 13–15); Uruguay: Montevideo (December 16–18); Brazil: Rio de Janeiro (December 21–23). Goodwill trip.

Franklin D. Roosevelt

July 5-12, 1934. Haiti: Cap Haitien (July 5); Colombia: Cartagena (July 10); Panama: Panama City (July 11-12). Informal visits en route to vacation in Hawaii.

October 16, 1935. Panama: Balboa. Informal visit with President Arias while returning to Washington, D.C., from the West Coast.

July 31, 1936. Canada: Quebec. Official visit; met with Governor General Lord Tweedsmuir.

November 27, 1936. Brazil: Rio de Janeiro. Addressed the congress.

November 30-December 2, 1936. Argentina: Buenos Aires. Attended session of the Inter-American Conference for the Maintenance of Peace.

December 3, 1936. Uruguay: Montevideo. Official visit; met with President Terra.

August 4-5, 1938. Panama: Balboa. Informal visit with President Arosemena during vacation in the Caribbean.

August 18, 1938. Canada: Kingston. Received honorary degree from Queens University; dedicated Thousand Islands Bridge.

February 27, 1940. Panama: Cristobal, Balboa. Met informally with President Boyd during vacation.

August 9-12, 1941. United Kingdom: Newfoundland, Argentina. Conferred with Prime Minister Churchill.

January 11-13, 1943. United Kingdom: Trinidad (January 11); Brazil: Belem (January 12); United Kingdom: Bathurst (The Gambia) (January 13). Overnight stops en route to Casablanca.

January 14-25, 1943. Morocco: Casablanca. Attended Casablanca Conference.

January 25, 1943. United Kingdom: Bathurst (The Gambia). Overnight stop en route from Casablanca.

January 26-27, 1943. Liberia: Monrovia. Informal visit; met with President Barclay.

January 28, 1943. Brazil: Natal. Informal visit; met with President Vargas.

January 29, 1943. United Kingdom: Trinidad. Overnight stop en route from Casablanca.

April 20, 1943. Mexico: Monterrey. Part of an exchange of visits with President Avila across the border.

August 17-25, 1943. Canada: Quebec, Ottawa. First Quebec conference with British Prime Minister Churchill.

November 20, 1943. France: Oran (Algeria). Disembarked en route to Cairo.

November 21, 1943. Tunisia: Tunis. Overnight stop en route to Cairo.

November 22-26, 1943. Egypt: Cairo. First Cairo conference with British Prime Minister Churchill and Chinese Generalissimo Chiang Kai-shek.

November 27-December 2, 1943. Iran: Tehran. Tehran conference with Soviet Premier Stalin and British Prime Minister Churchill.

December 2-7, 1943. Egypt: Cairo. Second Cairo conference with British Prime Minister Churchill and Turkish President Inonu.

While on a trip to Europe, President Wilson visited Rome to consult with King Victor Emmanuel III.

In late 1943 President Roosevelt met with Premier Stalin and Prime Minister Churchill in Tehran.

the world. Moscow's unusual combination of weakness and strength is especially challenging to the United States.

What do we want of the Soviet Union? We want greater Soviet restraint on the use of force. We want greater Soviet respect for the independence of others. And we want the Soviets to abide by their reciprocal obligations, such as those undertaken in the Helsinki accords. These are no more than we demand of any state, and these are no less than required by the U.N. Charter and international law. The rules of the Charter governing the international use of force will lose all of their influence on the behavior of nations if the Soviet Union continues its aggressive course.

Our pursuit of greater Soviet restraint and reciprocity should draw upon several lessons painfully learned over the past decade in dealing with the Soviet Union.

- Soviet antagonism toward Western ideals is deeply rooted. We cannot count upon a convergence of Soviet and Western political principles or strategic doctrines. Convergence should not be, and cannot be, a goal in negotiations. As a corollary, we should avoid dangerous optimism about the prospects for more benign Soviet objectives.
- The Soviet Union does not create every international conflict, but it would be dangerous to ignore Soviet intervention that aggravates such conflict. Even as we work to deal with international problems on their own terms, we must deal with Soviet interventionism. A regional approach that fails to appreciate the strategic aspect of Soviet activity will fail ultimately to resolve regional conflicts as well.
- A working relationship with the Soviet Union depends on a balance of alternatives and our ability to communicate to Moscow that such alternatives exist. We must indicate our willingness to reach fair agreements that speak to the legitimate interests of both the Soviet Union and the United States. But we must also be prepared to defend our interests in the absence of such agreements. Our ability to do so will be a major inducement for Soviet cooperation.
- Finally, the search for real reductions in tension with Moscow must cover the full spectrum of our relationship. We have learned that Soviet-American agreements, even in strategic arms control, will not survive Soviet threats to the overall military balance or Soviet encroachment upon our strategic interests in critical regions of the world. Linkage is not a theory; it is a fact of life that we overlook at our peril.

U.S. Actions

Based on these guidelines, the United States has taken steps toward the achievement of a more stable and beneficial relationship with the Soviet Union. Our actions have been shaped both by the lessons of the past and by Winston Churchill's observation that the key to the Soviet riddle was Soviet national interest.

President Reagan has written President [Leonid I.] Brezhnev that we want a constructive and mutually beneficial relationship with the Soviet Union.

What, in turn, do we offer the Soviets? We offer a reduction in the tensions that are so costly to both our societies. We offer diplomatic alternatives to the pursuit of violent change. We offer fair and balanced agreements on arms control. And we offer the possibility of Western trade and technology.

But such a relationship can only be the consequence of a pattern of greater Soviet restraint. In the absence of such restraint, our military capability, our alliances, and our friendships will enable us to protect our interests.

Over the last 6 months, this message has been reinforced by over 50 direct contacts at senior diplomatic levels. And we have prepared a concrete agenda of the outstanding problems between us in these areas: geopolitical issues, arms control, and economic relations.

Geopolitical Issues. The most persistent troubles in U.S.-Soviet relations arise from Soviet intervention in regional conflicts, aggravating tensions, and hampering the search for peaceful solutions. Unless we can come to grips with this dimension of Soviet behavior, everything else in our bilateral relationship will be undermined, as we have seen repeatedly in the past.

The Soviet Union must understand that it cannot succeed in dominating the world through aggression. A serious and sustained international reaction will be the inevitable result, with greater dangers for everyone—including Moscow. The Soviet Government must recognize that such a reaction has finally occurred, provoked by the crises of Afghanistan and Kampuchea. And the international community has proposed ways and means for resolving those crises to the satisfaction of all legitimate interests.

The people of Afghanistan overwhelmingly oppose the Soviet occupation and the Babrak Karmal regime. The vast majority of the world's nations are challenging the Soviets to come to the negotiating table, to agree to a political solution, to withdraw their forces, and to restore Afghanistan's nonaligned status. The proposal of the European Community for a two-stage conference is a sound step toward the achievement of these objectives. But the Soviet Union still prefers to promote a bizarre theme: that the United States is unwilling to negotiate about questions of critical international concern; that the United States wants a return to the cold war; that the United States is the source of the trouble in Afghanistan.

The Soviet Union must begin to understand that Afghan resistance and international pressure will be sustained. By supporting initiatives such as that of the European Community, we offer the Soviet Union the alternative of an honorable solution.

The same is true for Kampuchea. The U.N. conference and the attempts of the ASEAN [Association of South East Asian Nations] nations to find a political solution to the Soviet-supported Vietnamese occupation have won broad support. Here, too, the international community has been rebuffed by Vietnamese and Soviet refusal even to attend the conference. Here as well, we believe that patience and perseverance—and the design of sound diplomatic solutions—offer the Soviets and their surrogate the choice: international isolation and failure or international cooperation and a way out.

I have often mentioned the activities of the Soviet Union and its Cuban proxy in aggravating tentions from Central America to southern Africa. Can there be a greater contrast between their efforts and those of the West in trying to resolve the political, economic, and security problems of these regions?

It is time for those who preach peace to contribute to peace. The way to do it is through new restraint, both in Moscow and Havana.

Arms Control. Our past hopes for a relaxation of tensions with the Soviet Union were eventually concentrated on the search for arms control. But we overestimated the extent to which arms control negotiations would ease tensions elsewhere. And we underestimated the impact of conflict elsewhere on the arms control process itself. The attempt to regulate and reduce nuclear weapons must remain an essential part of the East-West agenda, but we must focus on its central purpose: to reduce the risk of war.

Only balanced and verifiable agreements that establish true parity at reduced levels can increase our security. I have already addressed the broader principles that govern our approach. As we begin this part of the dialogue, it is essential to recognize that fair agreements can be reached with patience and perseverance. Above all, we must demonstrate that we can sustain the balance by our own efforts if agreements fail to do so. Indeed, if we do not cause the Soviets to believe that in the absence of arms control they face a more difficult future, they will have little or no incentive to negotiate seriously.

- On this basis, we have commenced discussions with the Soviets on theater nuclear forces, and we have proposed that formal negotiations open before the end of this year. We want equal, verifiable limits at the lowest possible level of U.S. and Soviet long-range theater nuclear weapons.
- We have also launched a frank discussion of compliance with existing arms control agreements.
- We have initiated the intense preparations and conceptual studies that must precede a resumption of progress in Strategic Arms Limitation Talks.
- We and our European allies have proposed an innovative new set of confidence-building measures in Europe, which could provide a valuable means to reduce uncertainty about the character and purpose of the other side's military activities.

It is now up to the Soviet Government to put its rhetoric of cooperation into action.

Economic Relations. East-West economic ties are also on our agenda with the Soviet Union. Over the past decade, these ties have grown rapidly, but they have not restrained the Soviet use of force. The time has come to refashion East-West economic relations. We shall seek to expand those ties that strengthen peace and serve the true interests of both sides.

The Soviets have looked toward Western agriculture, technology, trade, and finance in order to relieve the pressing economic problems of Eastern Europe and of the Soviet Union itself. But the Soviet leaders must understand that we cannot have full and normal economic relations if they are not prepared to respect international norms of behavior. We must, therefore, work to constrain Soviet economic leverage over the West. Above all, we should not allow the transfer of Western technology that increases Soviet war-making capabilities.

. . . Soviet leaders must understand that we cannot have full and normal economic relations if they are not prepared to respect international norms of behavior.

Summary

In sum, American strategy toward the Soviet Union is proceeding on two fronts simultaneously.

First, we are creating barriers to aggression. We are renewing American strength. We are joining with our allies and friends to protect our joint interests. And we are making strenuous efforts to resolve crises which could facilitate Soviet intervention.

Second, we are creating incentives for Soviet restraint. We are offering a broader relationship of mutual benefit. This includes political agreements to resolve outstanding regional conflicts. It encompasses balanced and verifiable arms control agreements. And it holds the potential benefits of greater East-West trade.

We are not under any illusion that agreement with the Soviets will be easy to achieve. The strong element of competition in our relations is destined to remain. Nonetheless, we believe that the renewal of America's confidence and strength will have a constructive and moderating effect upon the Soviet leaders. By rebuilding our strength, reinvigorating our alliances, and promoting progress through peaceful change, we are creating the conditions that make restraint and reciprocity the most realistic Soviet options. The Soviets will eventually respond to a policy that clearly demonstrates both our determination to restrain their continued self-aggrandizement and our willingness to reciprocate their self-restraint.

The four pillars of foreign policy that I have described today will not be easy to build. International reality tells us that the hazards are great and the tasks enormous. We can expect disappointments. We should be prepared for reverses. Some will tell us that we are dreaming of a world that can never be. Others will tell us that the reassertion of American leadership is out of tune with the times.

An American foreign policy of cynical *realpolitik* cannot succeed because it leaves no room for the idealism that has characterized us from the inception of our national life. An America that accepts passively a threatening strategic environment is not true to itself or to the world. The test of our foreign policy is ultimately the test of our character as a nation.

Winston Churchill once said: "The only real sure guide to the actions of mighty nations and powerful governments is a correct estimate of what they are and what they consider to be their own interests." Our foreign policy must partake of what we are, what we represent to ourselves and to the world. Surely, the secret of America's ability to renew itself is our fundamental confidence in the individual. We stand for the rights, responsibilities, and genius of the individual. We rely on the individual's capacity to dream of a better future and to work for it. This is the conscience, even the soul of America. Ultimately this is what America is about. Ultimately, we must be prepared to give our fortunes, lives, and sacred honor to this cause.

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[1] Press release 271. ■

Restraint. We cannot expect the Soviet Union to renounce the use of force and violence as instruments of foreign policy if such means continue to pay benefits. Bringing about greater Soviet restraint will involve demonstrating that there is no attractive alternative. This approach will require, first of all, that the United States improve its capabilities in areas where our interests and the Soviets come into conflict. Our focus will be threefold.

- First, we will improve the defense balance to insure our security, avoid the prospect of political blackmail, and reestablish allied confidence.
- Second, we will repair our alliances. As I noted in my earlier presentation, this approach will require much closer and more effective consultations than we have conducted in the past. Our perceptions and interests will never coincide perfectly with those of our allies, but it is important that we share a general sense of strategy and tactics in our approach to East-West problems.
- Finally, we will expand our capabilities for meeting Soviet challenges to our interests in the developing world. Doing so will require that we take better advantage than in the past of our political, economic, and other assets—and those of our allies. And, it will demand a greater investment of scarce economic and other resources. It will also take a greater effort in the realm of security—both directly and by strengthening the capabilities of our friends in areas threatened by Soviet expansionism. Our efforts in each of these fields will require great sensitivity to local conditions to insure that we do not create more problems for ourselves than we resolve.

Reciprocity. Demonstrating to the Soviets, by expanding our own capabilities, that there is no alternative to restraint is a *sine qua non* to the success of our approach. But, we recognize as well the value and long-term necessity of giving the Soviets incentives to act with greater restraint.

The Reagan Administration does not view cooperation with the Soviet Union as an end in itself. Nor does it believe that the prospect of cooperative activities will necessarily induce the Soviet Union to moderate its policies. Linkage will be an operative principle. The leaders of the Soviet Union cannot expect to enjoy the benefits of joint activities in areas of interest to them, even as they seek to undercut our interests.

But, in the context of adequate and credible U.S. defense and regional capabilities and on a basis of strict reciprocity of benefits, the United States is open to an expansion of mutually beneficial activities, if justified by Soviet behavior. The United States is prepared to respond positively to constructive initiatives by the Soviet Union. However, given the lessons of recent history, it is clear that we cannot be satisfied with words alone. Soviet actions in Afghanistan and elsewhere have created the existing obstacles to expanded relations. Soviet actions will be required to remove them.

The areas where our insistence on reciprocity will have its most direct applications are arms control and economic policy. With respect to arms control, the Administration's review remains underway. The issues are complex and related to basic decisions on U.S. military programs which will be made only in the months ahead. We have nonetheless made clear our recognition of the potential value of verifiable, balanced arms control agreements which enhance our national security. The President has expressed his commitment to the SALT process. It is also our intention to begin negotiations with the U.S.S.R. on theater nuclear forces (TNF) arms control by the end of the year. We are continuing to participate, along with our NATO allies, in the mutual and balanced force reduction talks in Vienna.

With regard to economic policy, the challenge for us is to develop an approach which minimizes the West's vulnerability to Soviet pressure, denies the Soviets technology and goods which would enhance their military capabilities, maximizes our own leverage, and is fair to U.S. producers. We will be working with our allies and economic partners in the months ahead toward this end. In both these areas, Soviet international conduct will have a major impact on the possibilities for real progress.

Progress on New Approach

These are the broad outlines of the approach the Reagan Administration will take in its dealings with the U.S.S.R. I would like to describe briefly the progress we have made in implementing our policy.

With respect to improving our ability to restrain Soviet actions, we have moved dramatically in a range of areas to restore U.S. credibility and the capabilities which underlie it. In the defense sphere, our budgetary decisions have made clear to the Soviets and others the impossibility of their attaining superiority over the United States in any critical measurement of capabilities. At the same time, our decisions have given our allies and others an example to follow, and us, a sound position from which to urge greater allied efforts.

- With the ministerial of the North Atlantic Council, held in Rome in May, we have made a solid start at building a new NATO consensus on East-West relations based on a shared recognition of the need to restrain Soviet power.
- The meeting of the Defense Planning Group in May resulted in solid NATO reendorsement of a greater defense effort and in moving ahead on schedule with TNF modernization in Europe.
- Prime Minister Suzuki undertook in May to increase Japanese efforts in behalf of their own defense and to enhance support for U.S. forces in Japan in the interests of Far Eastern security.

Elsewhere, we are handling a variety of regional issues in ways designed to foster the climate of peaceful international change in which U.S. and Western advantages can best be brought to bear in our competition with the Soviet Union.

- We are working more effectively with the Government of Pakistan than at any time in the recent past to strengthen that strategically important nation in the face of Soviet aggression across its border into Afghanistan.
- At the same time, we continue to work closely with Pakistan and other nations to keep pressure on the Soviet Union to withdraw from Afghanistan and allow a political settlement there in keeping with the desires of the Afghan people.
- We are working with a variety of concerned governments in the region of the Persian Gulf to bolster security there in the wake of the Soviet invasion of Afghanistan and the opportunities for further Soviet expansion presented by continuing instability in Iran and the Iran-Iraq conflict.
- We are engaged actively in efforts to resolve the current Israeli-Syrian impasse in a manner which prevents further expansion of Soviet influence in that critical and unstable region.
- In El Salvador, we have signaled our determination not to allow Soviet-backed subversion to topple a legal government seeking to implement badly needed internal reforms. We have made clear our determination to go to the source to prevent such subversion, if necessary.

- We are working with the Association of Southeast Asian Nations (ASEAN) states to build pressure on Vietnam to end its Soviet-backed occupation of Kampuchea.
- We are proceeding in a responsible manner in building an expanded relationship with the People's Republic of China.
- We are working with all interested parties to resolve such African issues as a peaceful settlement of problems in Namibia in ways which deny the Soviet Union further opportunities to expand its influence through violent means.

Prospects for the Future

These activities have conveyed to the Soviets an unmistakable signal of our seriousness and have significantly expanded our ability to influence their behavior. We must build on these efforts in the months ahead. At the same time, we have left open channels of communication with the Soviet Union. Our dialogue with the Soviet Union continues at all levels here and in Moscow. And we will build on that dialogue during the meeting in New York with Soviet Foreign Minister Gromyko this September.

We have made clear to the Soviets our preparedness for an improved relationship if Soviet behavior warrants it. The President's decision to lift the partial grains embargo in fulfillment of his campaign pledge could not have been taken had the Soviet Union intervened militarily in Poland. Our decision to enter into preliminary discussions with the Soviet Union on setting a date for resumption of TNF discussions should be seen in the same context. It should be clear that any Soviet move against Poland would have significant consequences for all aspects of East-West relations.

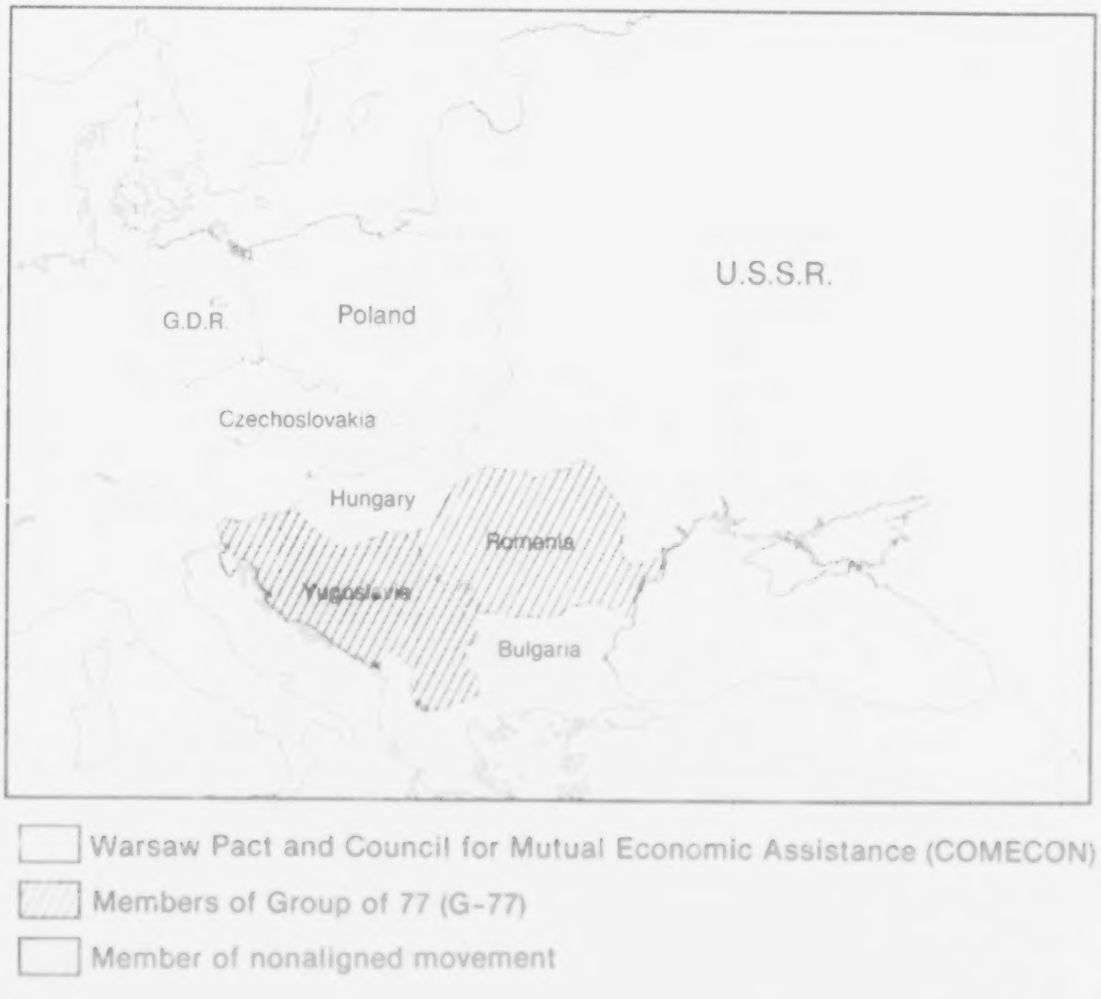
By the same token, further concrete evidence of Soviet willingness to accept peaceful change would allow a broader expansion of the relationship. Movement toward a settlement of the Afghanistan issue on terms which would insure the complete withdrawal of Soviet forces would be particularly important.

In the absence of this or similar initiatives, the United States and its allies have no alternative but to insure that we are in a position to deal more firmly and credibly than in the past with Soviet lack of restraint. We will direct our efforts over the months ahead toward that end.

U.S. RELATIONS WITH EASTERN EUROPE

Eastern Europe is not a monolith. Each country in the area has its unique

U.S.S.R. and Eastern Europe*



☐ Warsaw Pact and Council for Mutual Economic Assistance (COMECON)

▨ Members of Group of 77 (G-77)

☐ Member of nonaligned movement

Area: 9 million sq. mi. (8.7 million sq. mi. is the Soviet Union)
Population: 369 million (1978); (261 million in the Soviet Union)
GNP: $1.3 trillion (1978)
GNP Per Capita: $3,500
Share of World GNP: 16%
Share of World Trade: 8% (1979)
Value of Merchandise Imports from U.S.: $4 billion (1980)
Value of Exports to U.S.: $1 billion (1980)

Note: Albania has no international affiliation except with the United Nations.

See June 1981 Department of State Bulletin for description and membership lists of COMECON, G-77, and nonaligned movement.

The U.S. Government has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

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*Includes Bulgaria, Czechosbvakia, East Germany, Hungary, Poland, Romania.

Security Council Meets To Consider Israeli Raid

The U.N. Security Council met June 12–19, 1981, to consider measures to be taken following the Israeli raid on Iraqi nuclear facilities. Following are two statements by Jeane J. Kirkpatrick, U.S. Permanent Representative to the United Nations, made on June 19 and the text of the resolution unanimously adopted that day.

AMBASSADOR KIRKPATRICK[1]

I wish to thank the Ambassador from Mexico, who has acquitted himself with such distinction in carrying out the difficult responsibilities, showing so keen a sense of the importance which the international community attaches to these deliberations. May I also congratulate the distinguished Ambassador from Japan, who last month earned the esteem of the entire Council by managing our affairs with singular deftness.

The issue before the Security Council in the past week—Israel's attack upon the Iraqi nuclear reactor—raises profound and troubling questions that will be with us long after the conclusion of these meetings. The Middle East, as one prominent American observed last week, "provides combustible matter for international conflagration akin to the Balkans prior to World War I," a circumstance made all the more dangerous today by the possibility that nuclear weapons could be employed in a future conflict.

The area that stretches from Southwest Asia across the Fertile Crescent and Persian Gulf to the Atlantic Ocean, is, as we all know, torn not only by tension and division but also by deeply rooted, tenacious hostilities that erupt repeatedly into violence. In the past 2 years alone, one country in the area, Afghanistan, has been brutally invaded and occupied but not pacified. Afghan freedom fighters continue their determined struggle for their country's independence. Iraq and Iran are locked in a bitter war. And with shocking violence, Libya, whose principal exports to the world are oil and terror, invaded and now occupies Chad. Lebanon has its territory and its sovereignty violated almost routinely by neighboring nations. Other governments in the area have, during the same brief period, been the object of violent attacks and terrorism. Now comes Israel's destruction of the Iraqi nuclear facility. Each of these acts of violence undermines the stability and well-being of the area. Each gravely jeopardizes the peace and security of the entire area. The danger of war and anarchy in this vital strategic region threatens global peace and presents this Council with a grave challenge.

My government's commitment to a just and enduring peace in the Middle East is well-known. We have given our full support to efforts by the Secretary General to resolve the war between Iran and Iraq. Our abhorrence of the Soviet Union's invasion and continued occupation of Afghanistan—against the will of the entire Afghan people—requires no elaboration on this occasion. For weeks, our special representative Philip Habib has been in the area conducting talks which we still hope may help to end the hostilities in Lebanon and head off a conflict between Israel and Syria. Not least, we have been engaged in intensive efforts to assist in the implementation of the Egyptian-Israeli treaty, efforts that have already strengthened the forces for peace in the Middle East and will, we believe, lead ultimately to a comprehensive peace settlement of the Arab-Israeli conflict in accordance with Resolutions 242 and 338 of the Security Council.

As in the past, U.S. policies in the Middle East aim above all at making the independence and freedom of people in the area more secure and their daily lives less dangerous. We seek the security of all the nations and peoples of the region.

- The security of all nations to know that a neighbor is not seeking technology for purposes of destruction.
- The security of all people to know they can live their lives in the absence of fear of attack and do not daily see their existence threatened or questioned.
- The security of all people displaced by war, violence, and terrorism.

The instability that has become the hallmark and history of the Middle East may serve the interests of some on this Council; it does not serve our interests; it does not serve the interests of our friends, be they Israeli or Arab.

We believe, to the contrary, that the peace and security of all the nations in the region are bound up with the peace and security of the area.

It is precisely because of my government's deep involvement in efforts to promote peace in the Middle East that we were shocked by the Israeli air strike on the Iraqi nuclear facility and promptly condemned this action, which we believe both reflected and exacerbated deeper antagonisms in the region which, if not ameliorated, will continue to lead to outbreaks of violence.

However, although my government has condemned Israel's act, we know it is necessary to take into account the context of this action as well as its consequences. The truth demands nothing less. As my President, Ronald Reagan, asserted in his press conference:

> . . . I do think that one has to recognize that Israel had reason for concern in view of the past history of Iraq, which has never signed a cease-fire or recognized Israel as a nation, has never joined in any peace effort for that . . . . [I]t does not even recognize the existence of Israel as a country.

With respect to Israel's attack on the Iraqi nuclear reactor, President Reagan said: " . . . Israel might have sincerely believed it was a defensive move."

The strength of U.S. ties and commitment to Israel is well known to the members of this Council. Israel is an important and valued ally. The warmth of the human relationship between our peoples is widely understood. Nothing has happened that in any way alters the strength of our commitment or the warmth of our feelings. We in the Reagan Administration are proud to call Israel a friend and ally.

Nonetheless we believe the means Israel chose to quiet its fears about the purposes of Iraq's nuclear program have hurt and not helped the peace and security of the area. In my government's view, diplomatic means available to Israel had not been exhausted, and the Israeli action has damaged the regional confidence that is essential for the peace process to go forward. All of us with an interest in peace, freedom, and national independence have a high stake in that process. Israel's stake is highest of all.

My government is committed to working with the Security Council to remove the obstacles to peace. We made clear from the outset that the United States will support reasonable actions by this body which might be likely to contribute to the pacification of the region. We also made clear that my government would approve no decision that harmed Israel's basic interests, was unfairly punitive, or created new obstacles to a just and lasting peace.

The United States has long been deeply concerned about the dangers of nuclear proliferation. We believe that all nations should adhere to the Non-proliferation Treaty. It is well known that we support the International Atomic Energy Agency (IAEA) and will cooperate in any reasonable effort to strengthen it.

We desire to emphasize, however, that security from nuclear attack and annihilation will depend ultimately less on treaties signed than on the construction of stable regional order. Yes, Israel should be condemned; yes, the IAEA should be strengthened and respected by all nations. And yes, too, Israel's neighbors should recognize its right to exist and enter into negotiations with it to resolve their differences.

The challenge before this Council was to exercise at least the same degree of restraint and wisdom that we demand of the parties directly involved in Middle East tensions. Inflammatory charges, such as the Soviet statement that the United States somehow encouraged the raid or that we knew of the raid beforehand, are false and malicious. One can speculate about whose interest is served by such innuendo. Certainly the spirit of truth, restraint, or peace is not served by such innuendo. Certainly the process of peace is not forwarded.

Throughout the negotiations of the last days, my government had sought only to move us closer to the day when genuine peace between Israel and its Arab neighbors will become a reality. We have searched for a reasonable outcome of the negotiations in the Security Council, one which would protect the vital interests of all parties, and damage the vital interests of none, which would ameliorate rather than exacerbate the dangerous passions and division of the area. In that search we were aided by the cooperative spirit, restrained positions, and good faith of the Iraqi Foreign Minister Sa'dun Hammadi. We sincerely believe the results will move that turbulent area a bit closer to the time when all the states in the region have the opportunity to turn their energies and resources from war to peace, from armaments to development, from anxiety and fear to confidence and well-being.

SECURITY COUNCIL RESOLUTION 487

The Security Council,

Having considered the agenda contained in document/agenda/2280,

Having noted the contents of the telegramme dated 8 June 1981 from the Foreign Minister of Iraq,

Having heard the statements made to the Council on the subject at its 2280th through 2288th meetings;

Taking note of the statement made by the Director General of IAEA to the Agency's Board of Governors on the subject on 9 June 1981, and his statement to the Council at its 2288th meeting on 19 June 1981,

Further taking note of the resolution adopted by the Board of Governors of the IAEA on 12 June 1981 on the "military attack on the Iraq nuclear research centre and its implications for the agency",

Fully aware of the fact that Iraq has been a party to the Non-proliferation Treaty since it came into force in 1970, that in accordance with that treaty Iraq has accepted IAEA safeguards on all its nuclear activities, and that the agency has testified that these safeguards have been satisfactorily applied to date,

Noting furthermore that Israel has not adhered to the NPT,

Deeply concerned about the danger to international peace and security created by the premeditated Israeli air attack on Iraqi nuclear installations on 7 June 1981, which could at any time explode the situation in the area with grave consequences for the vital interests of all states,

Considering that, under the terms of Article 2, Paragraph 4 of the United Nations Charter: "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations",

1. Strongly condemns the military attack by Israel in clear violation of the United Nations Charter and the norms of international conduct;
2. Calls upon Israel to refrain in the future from any such acts of threats thereof;
3. Further considers that the said attack constitutes a serious threat to the entire IAEA safeguards regime which is the foundation of the NPT;
4. Fully recognizes the inalienable sovereign right of Iraq, and all other states, especially the developing countries, to establish programmes of technological and nuclear development to develop their economy and industry for peaceful purposes in accordance with their present and future needs and consistent with the internationally accepted objectives of preventing nuclear weapons proliferation;
5. Calls upon Israel urgently to place its nuclear facilities under IAEA safeguards;
6. Considers that Iraq is entitled to appropriate redress for the destruction it has suffered, responsibility for which has been acknowledged by Israel;
7. Requests the Secretary General to keep the Security Council regularly informed of the implementation of this resolution.

AMBASSADOR KIRKPATRICK[2]

Like other members of this Council, the United States does not regard this as a perfect resolution. With respect to the resolution, I must point out that my country voted against the resolution in the International Atomic Energy Agency which is referred to in the present resolution. We continue to oppose it. In addition, our judgment that Israeli actions violated the U.N. Charter is based solely on the conviction that Israel failed to exhaust peaceful means for the resolution of this dispute. Finally, we also believe that the question of appropriate redress must be understood in the full legal context of the relationships that exist in the region.

Nothing in this resolution will affect my government's commitment to Israel's security and nothing in these reservations affect my government's determination to work with all governments of the region willing to use appropriate means to enhance the peace and security of the region.

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[1] USUN press release 39.
[2] USUN press release 41. ■

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President Eisenhower consulted with President Laniel and Prime Minister Churchill in Bermuda in late 1953.

In Potsdam in 1945 President Truman participated in a conference with Prime Minister Attlee and Premier Stalin.

December 2-8, 1943. Tunisia: Tunis. Conferred with General Eisenhower.

December 8, 1943. United Kingdom: Malta and Italy: Sicily, Castel Ventrano. Visited Allied military installations.

December 9, 1943. France: Dakar (Senegal). Reembarked for the United States.

September 11-16, 1944. Canada: Quebec. Second Quebec conference with British Prime Minister Churchill.

February 2, 1945. United Kingdom: Malta. Malta conference with Prime Minister Churchill.

February 3-12, 1945. U.S.S.R.: Yalta. Yalta conference with Soviet Premier Stalin and British Prime Minister Churchill.

February 13-15, 1945. Egypt: Great Bitter Lake, Suez Canal, Alexandria. Met with King Farouk, Ethiopian Emperor Haile Selassie, Saudi King Ibn Saud, and British Prime Minister Churchill.

February 18, 1945. France: Algiers (Algeria). Briefed U.S. Ambassasdors to the United Kingdom, France, and Italy on the Yalta conference.

Harry S. Truman

July 15, 1945. Belgium: Antwerp, Brussels. Disembarked en route to Potsdam.

July 16-August 1, 1945. Germany: Potsdam. Potsdam conference with British Prime Ministers Churchill and Attlee and Soviet Premier Stalin.

August 2, 1945. United Kingdom: Plymouth. Informal meeting with King George VI.

March 3-6, 1947. Mexico: Mexico D.F. State visit; met with President Aleman.

June 10-12, 1947. Canada: Ottawa. Official visit; met with Governor General Alexander and Prime Minister Mackenzie King.

September 1-7, 1947. Brazil: Rio de Janeiro. State visit; addressed Rio conference and the congress.

Dwight D. Eisenhower

December 2-5, 1952 (as President-elect). Korea: Seoul. Visited combat zone.

October 19, 1953. Mexico: Nuevo Guerrero. Dedicated Falcom Dam.

November 13-15, 1953. Canada: Ottawa. State visit; addressed joint session of the parliament.

December 4-8, 1953. United Kingdom: Bermuda. Attended conference with Prime Minister Churchill and French President Laniel.

July 18-23, 1955. Switzerland: Geneva. Attended conference with British Prime Minister Eden, French Premier Faure, and Soviet Premier Bulganin.

July 21-23, 1956. Panama: Panama City. Attended a meeting of the Presidents of the American republics.

March 21-24, 1957. United Kingdom: Bermuda. Met with Prime Minister Macmillan.

December 16-19, 1957. France: Paris. Attended meeting of NATO heads of government.

July 8-11, 1958. Canada: Ottawa. Informal visit; addressed joint session of the parliament.

February 19-20, 1959. Mexico: Acapulco. Informal meeting with President Lopez Mateos.

June 26, 1959. Canada: Montreal. Joined Queen Elizabeth II in ceremony opening the St. Lawrence seaway.

August 26-27, 1959. Germany: Bonn. Informal meeting with Chancellor Adenauer and President Heuss.

August 27-September 2, 1959. United Kingdom: London, Balmoral, Chequers. Informal visit; met with Prime Minister Macmillan and Queen Elizabeth II.

September 2-4, 1959. France: Paris. Informal meeting with President De Gaulle and Italian Premier Segni; addressed North Atlantic Council.

December 4-6, 1959. Italy: Rome. Informal visit; met with President Gronchi.

December 6, 1959. Vatican City. Audience with Pope John XXIII.

December 6-7, 1959. Turkey: Ankara. Informal visit; met with President Bayar.

December 8, 1959. Pakistan: Karachi. Informal visit; met with President Ayub Khan.

December 9, 1959. Afghanistan: Kabul. Informal visit; met with King Mohammed Zahir.

December 9-14, 1959. India: New Delhi, Agra. Met with President Prasad and Prime Minister Nehru; addressed the parliament.

December 14, 1959. Iran: Tehran. Met with Shah Mohammed Reza Pahlavi; addressed the parliament.

December 14-15, 1959. Greece: Athens. Official visit; met with King Paul and Prime Minister Karamanlis; addressed the parliament.

December 17, 1959. Tunisia: Tunis. Met with President Bourguiba.

December 18-21, 1959. France: Toulon, Paris. Conferred with President De Gaulle, British Prime Minister Macmillan, and German Chancellor Adenauer.

December 21-22, 1959. Spain: Madrid. Met with Generalissimo Franco.

December 22, 1959. Morocco: Casablanca. Met with King Mohammed V.

February 23-26, 1960. Brazil: Brasilia, Rio de Janeiro, Sao Paulo. Met with President Kubitschek; addressed the congress.

February 26-29, 1960. Argentina: Buenos Aires, Mardel Plata, San Carlos de Bariloche. Met with President Frondizi.

February 29-March 2, 1960. Chile: Santiago. Met with President Alessandri.

March 2-3, 1960. Uruguay: Montevideo. Met with President Nardone.

May 15-19, 1960. France: Paris. Conferred with President De Gaulle, British Prime Minister Macmillan, and Soviet Premier Khrushchev.

May 19-20, 1960. Portugal: Lisbon. Official visit; met with President Thomaz.

June 14-16, 1960. Philippines: Manila. State visit; met with President Garcia.

June 18-19, 1960. China: Taipei. Met with President Chiang Kai-shek.

June 19-20, 1960. Korea: Seoul. Met with Prime Minister Chang; addressed the national assembly.

October 24, 1960. Mexico: Ciudad Acuna. Informal visit; met with President Lopez Mateos.

John F. Kennedy

May 16-18, 1961. Canada: Ottawa. State visit; addressed joint session of the parliament.

May 31-June 3, 1961. France: Paris. State visit; met with President De Gaulle; addressed North Atlantic Council.

June 3-4, 1961. Austria: Vienna. Met with President Schaerf; held talks with Soviet Premier Khrushchev.

June 4-5, 1961. United Kingdom: London. Private visit; met with Queen Elizabeth II and Prime Minister Macmillan.

December 16-17, 1961. Venezuela: Caracas. Met with President Betancourt.

December 17, 1961. Colombia: Bogota. Met with President Lleras Camargo.

December 21-22, 1961. United Kingdom: Bermuda. Met with Prime Minister Macmillan.

June 29-July 1, 1962. Mexico: Mexico D.F. State visit; met with President Lopez Mateos.

December 18-21, 1962. United Kingdom: Nassau (Bahamas). Conferred with Prime Minister Macmillan; concluded Nassau agreement on nuclear defense systems.

March 18-20, 1963. Costa Rica: San Jose. Attended conference of Presidents of the Central American republics.

June 23-26, 1963. Germany: Bonn, Cologne, Frankfurt, Wiesbaden, Berlin. Met with Chancellor Adenauer.

June 26-29, 1963. Ireland: Dublin, Wexford, Cork, Galway, Limerick. Addressed the parliament; visited ancestral home.

June 29-30, 1963. United Kingdom: Birch Grove, Sussex. Informal visit; met with Prime Minister Macmillan.

July 1-2, 1963. Italy: Rome, Naples. Met with President Segni and NATO officials.

July 2, 1963. Vatican City. Audience with Pope Paul VI.

Thousands of Mexicans welcomed President Kennedy to Mexico City in June 1962.

Question-and-Answer Session Following ABA Address

At the conclusion of Secretary Haig's address before the American Bar Association in New Orleans on August 11, 1981, he answered the following questions from the audience.[1]

Q. Last week, President Anwar Sadat of Egypt was in Washington, apparently attempting to lobby the Administration into recognizing the Palestinian terrorist organization. I wonder how firm is the commitment of the U.S. Government and this Administration to refuse to do so until those organizations recognize the right of the State of Israel to exist behind secure and defensible borders?

A. The question was, President Sadat, during his visit to Washington last week, suggested that we include the PLO [Palestine Liberation Organization], or the Palestinians—and there is a difference, of course—in the Middle East peace negotiations. The question was, how firm is President Reagan's commitment to the State of Israel that we will neither recognize nor negotiate with the PLO until they accept Israel's right to exist and until they accept the provisions of U.N. Resolutions 242 and 338. I put a little more in your question because—the commitment is very clear. It was explained in detail to President Sadat, who understands that commitment and, I believe, accepts it. He, of course, has the right to express his own opinion, as he did both in London prior to arriving in Washington and repeatedly during his stay in Washington.

I think it is important that we bear in mind that there is, of course, under the provisions of the Camp David accords the anticipated participation of the Palestinian inhabitants on the West Bank and Gaza. That is not an aspect of the commitment which your question suggests. But in terms of the U.S. commitment, it is firm, it remains firm; and I see no possibility of its being modified in the days ahead.

We believe—I know President Reagan believes very strongly—that such commitment must be met by the United States whether they involve the State of Israel or whether they involve our Arab friends. If the United States is seen to be unreliable in this peace process, the whole catalyst for the achievement of progress will be in jeopardy.

Q. I am very concerned about the role you have in mind for us with the United Nations, how that Organization can assist in establishing better world peace—the four pillars on which you want to build this peaceful relationship. What is the role to be played by the United Nations and [inaudible] by both the United Nations and the United States in working together for peace?

A. I think the past anticipated hopes for the United Nations as a world body that could effectively deal with all international crises and resolve them in a just and responsible way has been somewhat put in question as a result of the experiences and the limitations of the world body.

That does not suggest for a moment that the United Nations has not in the past, and must not in the future, play an extremely important role in the conduct of global international affairs. I think one could look back and say that the contributions have been unique, disappointing, but nonetheless substantial in their own way, especially in functional areas of responsibility carried out by the United Nations today. There is no other body that could effectively conduct these functional activities.

Secondly, it has always been, if you will, a platform for the exchange of views between the member states, whether they be characterized, as unfortunately is the case too frequently, with animosity and rhetoric; but also it does provide a vehicle for communication. We have seen this. The United Nations has played a very constructive role in our recent efforts at peacekeeping in Lebanon: it was, indeed, the United Nations that contributed to a communicating framework. It is the United Nations that we will have to work with if we seek to strengthen, as we are doing today, the peacekeeping force along the northern border with Israel and southern Lebanon. I think it is important, as Americans, that we do not expect too much, that we insist with clarity and courage on reforms that experience indicates must be undertaken by the body, and at the same time to continue to support that body as we have in the past, and I'm confident will in the future.

Q. During the course of your speech I've heard you speak of reciprocity between ourselves and the Soviet Union. What effect will the neutron bomb have on the reciprocity between the two countries now?

A. I think a dandy effect. [Applause] The question was, reciprocity and the impact of President Reagan's recent decision to follow the mandate of the Congress and proceed with the production and stockpiling of the various components of what we call the "enhanced radiation warhead" which we had already started to build as the result of President Carter's decision of 1978.

There has been a lot of talk about the ERW—or so-called neutron bomb—and clearly, the Soviet propaganda mills are churning out 24 hours a day since that announcement was made. Indeed, they have been churning rather heavily anyway on other issues! I only wish that objective international judgments were applied with equal ferocity to the relentless deployment of SS-20 missiles by the Soviet Union, conceived in the early 1970s and initiated with unprecedented speed and efficiency starting about the mid-1970s to the point where they have deployed well over 200 such systems threatening all of Western Europe and all of China today.

One might ask a word about the neutron bomb. The press has made it very clear that I had some reservations about the timing, not the substance, of the decision. People forget what deterrence is all about. We Americans and those in the Western world view ourselves as defensive in character. Never once has the West, in the European context, indulged in policies which militarily threatened the Soviet Union. It's all been the other way. It is the Soviet Union which is today developing military capabilities which far exceed their defensive needs, and it is the West which is behind in the power curve in rectifying the balances and the trends in those balances.

People say that a neutron bomb, because it is more efficient in technological terms, because it effects casualties on combatants as distinct from noncombatants—the innocent civilians—in other words, it limits the damage. It also limits the damage to structures—somehow this is going to make nuclear war easier. Anyone who makes that claim doesn't understand deterrence; and deterrence automatically assumes that we are on the defensive. We are trying to maintain a military posture that is going to prevent the other side from indulging in warfare of any kind, and particularly nuclear warfare.

It is the usability of the systems that we maintain that give credibility to our willingness to use whatever is necessary to prevent conflict, and it is ludicrous to suggest that because a system is easier that it is, therefore, going to be used. What really is the case is that the Soviet Union is going to be less inclined, because we have this array of weaponry, to undertake actions that would make resort to force likely, because they know we have the ability to respond at every level across the spectrum. And if you leave gaps in that spectrum, they are going to be filled by Soviet actions which could generate the very outcome you seek to prevent. And that's what deterrence is all about.

In answering your question as to whether that is reciprocity vis-a-vis the Soviet Union, I only wish you would ask the same questions about the massive ICBM [intercontinental ballistic missile] construction program they have had under way, even under SALT—large yields, multiple warheads, increasing accuracy, the deployment of the SS-20, the dramatic growth in their submarine missile-launching capability—longer range than those which float outside the eastern shores of the United States and are moving increasingly into the regions of the Pacific, formerly areas of Western interest.

No, I'm not worried about reciprocity. I'm more worried about sitting down and negotiating seriously to get the growth of these armaments under control.

Q. We here have a particular interest in our relationships with Latin America. We also are geographically, in a way, situated between Cuba and Mexico—and I believe at this time President Portillo is meeting with Mr. Castro. I would like for you, if you will, in summary form to state the Administration's policy on Latin America, and what, if anything, will be done with regard to Cuba's relationship with Mexico.

A. Of course, it is not for the United States to determine what Cuba's relationship with Mexico should be any more than it should be Mexico's responsibility to determine what our relationship with Cuba might be.

I can comment on our relationships with Cuba. Clearly, we have been witnessing an extended period of unacceptable Soviet-sponsored, Cuban, worldwide activity. Today, they have some 30,000–40,000 mercenary forces operating on the African Continent—in Angola and in Ethopia—with advisers spread from Southern Yemen and a number of other African and Middle Eastern countries.

We have seen a step-up in Cuban subversive activity once again in this hemisphere—in Nicaragua—where they have 1,600-some advisers today creating an armed force that cannot be justified by any objective assessment of threats facing the Government of Nicaragua.

I made the comment 2 weeks ago that in this past year, Cuba has received from the Soviet Union more armaments than in any single year since the 1962 missile crisis, which we all remember so vividly. These levels of armaments are not only going into the Cuban force structure, which far exceeds any potential threat emanating from this hemisphere, but also are being used to provide the risk for the shipments of illicit arms into such target countries as Nicaragua and El Salvador. There are also recent manifestations of such armaments transshipped from Vietnam via Cuba into Guatemala. This is unacceptable Cuban activity from the U.S. point of view.

We are prepared to deal constructively with Cuba, just as we are with the Soviet Union; but this is going to require a new level of restraint not manifested in the recent past. We are prepared to deal with the situation whether Cuba "trims its sails" or whether it continues to engage itself in this illicit and very dangerous interventionism. We are prepared in either event.

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[1] Press release 271A of Aug. 12, 1981. ■

way you have characterized it. I think that expressions of concern are inevitable and desirable. Then I think it is also inevitable and desirable that responsible leaders will exchange views on why we hold certain principles important. And that in itself is an across-the-Atlantic and across-the-Pacific educational process.

Q. In your briefing the other day, you said you expect a probing discussion on trade with the Soviets, to bring trade with the Soviets into line with political and security considerations. The Europeans want more, not less, trade with the Soviets. Are we going, really, to push for a more restrictive policy on trade, particularly on the exchange of high technology items?

A. In the first place, I would not join the assessment that the Europeans seek more trade with the Soviet Union than we do. I think the issue is that both of us, for example, would favor improved trade relationships with Eastern Europe and the nations of Eastern Europe. I think both of us are always concerned about the degree to which trade with the Soviet Union contributes to the Soviet's ability to pursue the kinds of policies that it has been pursuing in the last 6 years, increasing use of armed force to effect historic change.

And I think we, jointly, are concerned about this issue. I think what we would like to do at the summit is to enlarge these concerns by focusing on specific measures that we might take in COCOM [Coordinating Committee for East-West Trade Policy] or in other broad East-West trade issues to be sure that we are not, in the classic sense, providing the Marxist system the rope through which to hang the Western world.

And I don't see very broad differences between the two sides on this. I do think that, in specific policies that each are pursuing, that these kinds of exchanges help to bring those policies in line.

Q. If you do succeed in clarifying, let's say, the U.S. view about giving the Marxist system the rope with which to hang the West, isn't it likely that somebody is going to raise the question of the grain embargo which the U.S. Government relaxed? To be candid? I mean, the Soviets are still in Afghanistan, as far as we know.

A. That is correct. And there's been a great deal of pressure applied, not only by the United States on that subject, but by our Western European partners as well, particularly the European Economic Community initiative that Great Britain has launched with respect to the future of Afghanistan. The recent visit of the Foreign Minister of Great Britain, Mr. Carrington, to Moscow, and the essentially less-than-forthcoming response to the Soviets is a matter of concern to resolve. And it will be discussed, I am sure, at Ottawa.

Now, there's no question but the grain embargo represented, in the European eyes, somewhat of a contradiction. However, I think it's been very clear from the outset that this President, President Reagan, has never felt that that kind of a sanction imposed on one segment of the American complex, economic complex, was a sound way in which to proceed; and I share in that view.

Q. You said this week that arms control is no longer the centerpiece of U.S.-Soviet relations. What is the centerpiece?

A. I think the centerpiece of, not only U.S.-Soviet relations but American policy at large, is the preservation of peace and stability in a global sense. And to, in that way, insist that historic change occur through accepted rules of international law and the mores of Western society, not by resort to bloodshed and terrorism and so-called wars of liberation.

Now, in that context, arms control plays an important role, but it must not be the centerpiece. The centerpiece must be what contributes to the security of the American people, to international peace and stability. That always is the criteria against which any arms control initiative must be carefully measured.

Q. This week, as you know, the Soviets indicated their willingness to step up their strategic capability, in direct response to the rhetoric or to the determination on the part of Washington to increase our strategic capability. This sounds, to a great many people, I suspect, like an arms race.

A. It clearly can sound that way. But the simple facts are that for a number of years now the United States has been exercising unilateral restraint. Since 1970 we have reduced arms spending, roughly about 20% in real terms. The Soviet Union, on the other hand, has unilaterally increased its spending levels at the rate of a 4–5% increase, in real terms, each year, every year, for the past 12. Now, I don't think we can afford to be deflected on our determination to build up America's strength as is necessary by expressions of Soviet propaganda.

Q. What is your view of what is taking place right now in Poland? Isn't this a tremendous event, really? People are voting in secret ballots to elect leadership in a Communist country.

A. I think one could describe the events as—in Poland—historically, as one of the most significant events of this century. It certainly is among them. Now, it's an evolutionary process. The recent elections which have just been concluded and which changed over 90% of the leadership, the party leadership, in Poland, is, in itself, a rather dramatic event. I think it is somewhat too early to make a value judgment with respect to what the consequences of this change would be. But the change itself is unprecedented. And from that, I think we can all derive some sense of satisfaction. The situation has been determined by the Polish people without excessive external intervention. There clearly has been some, both by blackmail and threat and internal manipulation. But I think the essence of the process is one from which we must draw some encouragement.

Q. Do you agree with the President who believes that recent events in Poland are the first cracks in the Soviet domination of Eastern Europe, the beginning of the end?

A. I think what the President was trying to suggest is that we are seeing a number of signs, and perhaps the Polish situation is the most significant, but these signs have been on the airways for years. I watched certain East European powers stand up several years ago and reject the pleas of the Soviet Union to increase defense spending. We saw repeated situations in Eastern Europe which would suggest a growing restiveness, not just in Poland. All of these things, I think, are both natural historically and inevitable. The main problem facing the world is whether or not the Soviet leadership can recognize the inevitability of these changes and adjust their own policies accordingly.

Q. I'd like to ask you if you have any more information about the killing of the nuns in El Salvador? The people are under arrest, but do you have any better idea of who ordered the killing?

A. No. And there's been a lot of speculation in that regard, and it serves no useful purpose for me to contribute further to it. I think we can draw some encouragement from the fact that suspects have been detained by the Government of El Salvador and the investigations continue.

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[1] Press release 240 of July 20, 1981.■

Secretary Haig Interviewed for *The Wall Street Journal*

The following interview with Secretary Haig appeared in The Wall Street Journal *on July 9, 1981.*

Q. Where do you see U.S.-Soviet relations in, say, 5 years?

A. I think it's a difficult picture to draw with clarity at this juncture. So much depends on the reaction of the Soviet leadership. It remains our view that most of the irritants—not all but most—that have emerged over the last 5 years between Moscow and Washington have been the result of policies initiated in Moscow. It is our hope that by being somewhat more definitive and clear with respect to the unacceptability of some of these policies, a better understanding will develop between the two sides.

Historically one of the great problems with democratic societies in the conduct of international affairs is that their day-to-day performance sometimes generates confusion within more disciplined or dictatorial or authoritarian regimes. Frequently that confusion results in miscalculation.

Q. But what is it you're trying to make them understand?

A. We feel, and I think history will suggest, that if you analyze Soviet activity over the past 5 years, there's been an increasing proclivity to support change—either directly or indirectly—by rule of force, by bloodshed, terrorism, so-called wars of liberation. At long last the American people have decided that this is no longer acceptable Soviet activity.

I think it's in our mutual interests to have a clear understanding. We've attempted to do that, not only through rhetoric but through a host of resultant policies; not in a rigid, inflexible way, because these things are never black and white; there must be a nuance, there must be a combination of incentives and disincentives—carrots and sticks, if you will.

Q. What are the carrots?

A. Some of those are yet to be clarified in the sense of what is the early period of an emerging dialogue.

Q. At what point would a Reagan-Brezhnev meeting be warranted?

A. The President's view on summitry is that summitry for its own sake can be self-deluding and can result in euphoric expectations which quite often historically have not been realized. He believes that summitry must be preceded by the most careful preparation on every one of the issues which are likely to arise and that there is some indication that summitry would result in progress.

This does not suggest that summitry must be abandoned in any situation in which that preparation and that anticipated outcome is not there, but it means, in general, that that would be the President's approach, and I expect he'll live by that. My upcoming talks with [Soviet Foreign Minister] Gromyko are rather important in that sense, to see whether or not there are prospects that offer some promise of higher level talks.

Q. You've said, as has the President, that the Communist system faces a lot of difficulties over the next 10 years, but at this moment they are militarily very powerful. Is it wise to push the Russians so hard?

A. I don't believe we are pushing too hard. It's been our belief that there was a need for a greater clarity with respect to the unacceptable aspects of Soviet policy. The conduct of international affairs is essentially dialectic, and you have a sine curve of attitudes. We felt that there had to be some clearing of the air.

Q. Isn't there a fundamental contradiction, though, between the view that the Soviet system is fading and the view that their behavior can be ameliorated over a period of time?

A. No. From an historic point of view, there are a number of indicators which suggest some fundamental systemic failures—failures with respect to levels of production in the Soviet Union, failures in the agricultural sector, worrisome signs in the future with respect to raw materials, energy, demographic problems. All of these things are clearly signs on the horizon today, which in historic terms—not in contemporary terms—will have an impact on the future evolution of the Marxist-Leninist system in the Soviet model.

What we would hope is the Soviet leadership would read these signposts and redirect their priorities. We hope they move from an excessive reliance on expenditures for military purposes to those which are designed to solve the internal contradictions—which are becoming increasingly evident—to meet the needs of the Russian people and the non-Russian populations in the Soviet Union. This would increasingly make the resulting policies of the Soviet Union more compatible with the world view I talked about: restraint, reciprocity, acceptance of historic change by rule of law and not by force of arms. These are not contradictions.

Q. There seems to be some drift in relations with our allies. How do you explain the growing opposition in Western Europe to modernization of the theater nuclear forces there?

A. First let me tell you that there is a great tendency in day-to-day affairs to focus on differences. I am more encouraged by the consensus that has been forged and which remains firm today to proceed with theater nuclear modernization and arms control under the two-track decision of December 1979 and reaffirmed in Rome this past spring.

Having said that, it is clear also that there are a number of very legitimate and strongly held concerns on the part of Europeans that Europe not become an exclusive nuclear battlefield in which the superpowers themselves might be sanctuaries. That is not a new set of concerns in Europe; it's classic. That's been joined by a very heavily orchestrated Eastern offensive which has seized the issue to suggest that there is a compulsive desire on our part to return to the cold war. That sometimes falls on hospitable ears in Europe.

Q. What kind of progress would you like to see on actual deployment of modernized theater nuclear forces before we enter into serious discussions with the Soviets?

A. I think we are proceeding. We have a consensus, sites are being selected in Europe, the production is under way, and I think that's all that's necessary. That must continue on the time schedule that has been understood and agreed upon.

Q. Realistically though, isn't there some doubt that Belgium or the Netherlands will actually go along with deployment?

A. We have residual questions in both of those countries, but we also have a firm consensus in the necessary countries. We feel that the others should join, too, ultimately. We have the West German and the Italian and the British consensus.

shaped program, and we would seek that in our future efforts in the developing world. In other words, we don't like a template put upon the developing nations and broad common approaches, as distinct from individually tailored approaches, first individually, then regionally.

Q. By that do you mean bilateral?

A. No, we look at the conditions in each country because they are all distinctly different, and we tailor our programs together with that country to meet its individual needs.

The Reagan policy for Jamaica—which was a policy, a pilot policy—has now been expanded into the efforts we are seeking to achieve for the Caribbean Basin. And we see in the future other similarly shaped and tailored regional programs. In this broad approach that the President visualizes, we will, of course, use all of the international fora that are available abroad—worldwide fora, the regional fora, and bilateral fora as well.

I think, essentially, we hope this meeting this weekend—and, more importantly, the meeting in October—will get away from the classic North-South approach, which has proved to be both confrontational and sterile, and to structure a whole new cooperative, mutually beneficial approach to the developed-developing problem.

Q. How about your bilaterals? What are the important ones?

A. This meeting will give me a chance also for some important bilaterals. The Foreign Minister of India; the Foreign Minister of Brazil, with whom I have not met; the Foreign Minister of Saudi Arabia; Tanzania; and I hope—although I haven't arranged it yet—to see the Foreign Minister of Yugoslavia. In addition to that I will have a chance to have bilateral talks with the French, German, British, and hopefully, with Foreign Minister Castaneda [of Mexico] as well, and [Chinese Foreign Minister] Huang Hua.

Q. What did you mean by confrontation as being sterile? What, in essence, do you believe is confrontational and/or sterile about the traditional mode of conversation?

A. What it is usually is that they meet in separate organizational structures and the one side places demands on the other. Now for the first time we are sitting down as select nations, developed and developing, so I hope we can get away from that traditional approach.

Q. Since it has come up several times, what's the story on Cuba's relationship to this whole affair, going back to the time when the President agreed at Ottawa to take part in the summit?

A. I think, as I understand it, Cuba has not been included by the sponsoring nations. And I understood they discussed that in New York earlier this week, and the decision was that Cuba would not be included in this round of talks.

Q. This round—did that cause any problems with [Mexican President] Lopez Portillo?

A. Not that I'm aware of. We did not participate in those conferences, so you will have to ask them.

Q. You say not in this round. Is it possible that they could be invited as observers in October?

A. I would doubt that from what I understand the consensus of the sponsoring nations to be.

Q. That would have a bearing on whether the President goes or not. He is going, isn't he?

A. President Reagan is going, yes.

Q. Even if Cuba should turn up as an observer?

A. I think he accepted the invitation with the understanding that Cuba would not participate. It would be premature for me to answer your question should that premise change.

DEPARTURE STATEMENT, CANCUN, AUG. 2, 1981[2]

We have been very pleased at the results of this preliminary ministerial conference for Cancun. The procedures agreed to will provide a framework for an informal exchange of views on major areas of concern to the developed and to the developing world and on ways to strengthen international cooperation among us.

The spirit in which these discussions took place, I feel, was unusually constructive. I believe that all of us recognize that we have an historic opportunity in October at Cancun to make a new beginning in relations among our nations. This new beginning would reject the North-versus-South confrontation and, instead, examine what we can do to make the world better for all of us and to address the particularly pressing problems faced by a number of the developing countries.

This spirit owes much to the positive outcome of the Ottawa summit. At that summit, President Reagan stressed the very great importance which he attaches to close and constructive working relationships between the United States and the developing world. I know President Reagan will come to Cancun with that same positive approach. At the same time, President Reagan has stressed that progress can only come as a result of shared commitment and acceptance of shared responsibility for mutual benefit.

Economic development depends primarily on domestic economic policies. That is why President Reagan devoted so much time and attention to strengthening the American economy. Similarly, the success of others will depend primarily on their own sound policies. At the same time, strengthening the world economy can complement and support these mutual and individual efforts. For this, also, each of our countries has a responsibility because each of us will be the beneficiaries of success. Working together at the summit in Cancun and in a variety of other fora, we can make constructive progress.

I'd also like to take this opportunity to express my sincere gratitude to President Lopez Portillo of Mexico and [Austrian] Chancellor Bruno Kreisky for their far-sightedness in convening this very unusual group. And on behalf of myself and the American delegation, I also want to thank the Mexican people for their warm reception and gracious hospitality for a constructive, valuable, and enthusiastic conference.

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[1] Press release 261 of Aug. 4, 1981.

[2] Press release 263 of Aug. 5.■

WHO Infant Formula Code

by Elinor Constable

Statement before the Subcommittee on International Economic Policy and Trade of the House Foreign Affairs Committee on June 16, 1981. Ms. Constable is Deputy Assistant Secretary for Economic and Business Affairs.[1]

I welcome the opportunity to comment on the World Health Organization (WHO) infant formula code and specifically on the future implications for the United States. It seems to me that there has been undue attention given to the U.S. vote against the code. There have been charges that the U.S. Government is not interested in the health of babies. There have been exaggerated claims that the vote makes it more difficult for the United States to carry out effective foreign relations. There have been suggestions that the U.S. vote indicates a lack of support for WHO or for the U.N. system. All of these claims are wrong.

In terms of infant nutrition, particularly in the developing world, U.S. international programs will certainly continue. Programs to educate mothers in the optimal methods of infant feeding will continue, as will training programs for health workers. The Agency for International Development has several programs in health family planning and nutrition which support breastfeeding, development of weaning foods, and nourishment of nursing mothers. Activities of the Center for Disease Control, the National Institutes of Health, the Peace Corps, and other agencies also serve to promote breastfeeding, which is universally recognized as the preferred form of infant feeding. The Department of State strongly supports this activity by these other U.S. Government agencies. And we also support the work that WHO, UNICEF, and other international organizations are doing to promote better infant nutrition and especially to foster and protect breastfeeding.

The U.S. vote against the WHO infant formula code carries no negative implications for U.S. support for these highly important programs. It should be construed solely as a U.S. commentary on the specific document that was placed in front of us. We believe that in all international organizations, we have an obligation to examine carefully any resolution, code, or document presented to us for a vote. Some have suggested that we should have voted in favor of *any* code on infant formula marketing practices, regardless of what it contained. We believe that would have been irresponsible.

We did examine this code, and, indeed, we participated in discussions and negotiations on it over more than 16 months. One thing we found was that many of its provisions were largely irrelevant to the United States—a country where there is an educated populace, where there is safe drinking water, and where there is extensive health care. Although the problems of promotion of infant formula occur primarily in developing nations—where often there is inadequate health care, unsafe drinking water, and low levels of literacy—the code was not addressed to the circumstances of developing nations alone but proposed a uniform and highly specific set of standards addressed to every member state.

We also found that many of the specific provisions of the code simply could not be implemented in the United States, that they raised questions under our Constitution and laws, and contained ambiguities which cast doubt on the intended and real impact of the code in certain key areas. In the circumstances, a positive vote would have carried with it the implication that we supported these specific provisions and recommended them to others, when the facts were quite the contrary. Honesty simply required us to vote no.

Did our vote have negative foreign relations implications? I think not. Certainly, there may be some officials in some countries who are puzzled or disappointed by the U.S. vote. But we deal with health and development officials in developing nations all the time—on a bilateral basis and in international organizations. They well know the extensive and historic concern of the United States to improve health and other conditions of life, they know of our generosity, and they know that our substantive programs to support breastfeeding and the improvement of infant and maternal nutrition will continue. I believe that our explanations about the unacceptability of many provisions of the code within the legal, social, and economic context of the United States are understood by most of these officials. In fact, the United States stands to gain respect for having the courage—on a well-publicized and controversial issue—to stand alone and say what it believes.

Further in relation to the development of new codes in the U.N. system, we think that our vote will have specific foreign relations value. Up until the adoption of the WHO infant formula code, there had never been an international code dealing with the marketing of a specific product. It is a troubling development. The problems that are faced by individual countries—on issues such as infant formula—are far from uniform. The place to address those problems is at the national level. Where there are good reasons for control of the private sector, then we believe national legislative and regulatory mechanisms should be responsive. But we are concerned about the prospect of a new series of international codes addressing the marketing of specific products, and we believe our negative vote at the World Health Assembly served as a clear signal—to the international agencies and to other nations as well—of our views.

What about our relations with WHO? We are very strong supporters of that organization and of its Director General, Halfdan Mahler. It would be erroneous for any contrary conclusion to be drawn from the U.S. vote. Although the United States may be outvoted on some issues by other member governments, the WHO staff and secretariat have been enormously responsive to U.S. expressions of interest and concern on various issues. Indeed, the staff was so responsive to this Administration's interest in more frugal financial management in the U.N. system that we were able to vote in favor of the proposed program and budget for WHO for 1982-83, at the same assembly at which we voted no on the infant formula code.

The code itself is recommended to each WHO member government, regardless of how each member may have actually voted. Since it is a recommendation, we have no obligation to implement it. We are free to accept some of it or none of it, to adapt it or reject it—in short, to do whatever we consider appropriate in light of our own circumstances. Article 62 of the WHO constitution provides that each member shall report annually on action taken with respect to recommendations to it by WHO, and this article has been specifically cited within the WHO infant formula code. We expect that a report on this subject will be assembled by WHO prior to the World Health Assembly in May 1982, and we would expect—as a member that honors its treaty obligations and supports WHO—that the U.S. Government would provide a report at that time on U.S. activity in promoting improved infant nutrition and, in relation to the principles of the code, what we are already doing, what we plan to do, and what we do not plan to do. In short, we would honor our obligations to WHO to report on any steps taken regarding this recommendatory code.

We are also considering providing governmental guidance regarding the relevance of the code, both within the United States and internationally, to the companies that could be affected by it. This would be in accord with standard State Department practice regarding other newly adopted international codes. Unlike these other codes, however, guidance in this case would also indicate which provisions are not relevant in the United States. It would also, I am certain, point out that, subject to the limita-

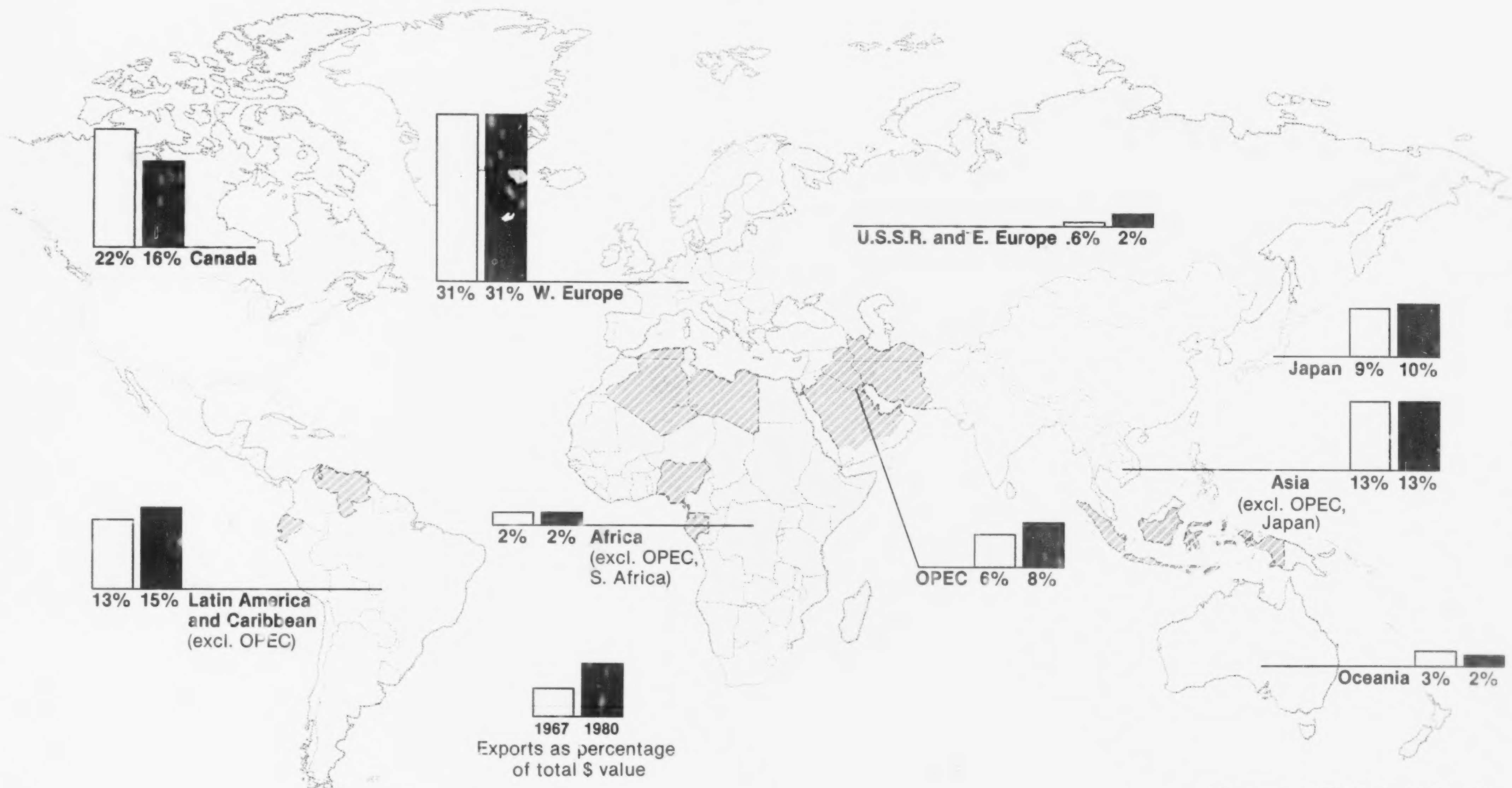
U.S. Merchandise Exports, 1967 and 1980

The value of U.S. exports (excluding services) almost tripled between 1967 and 1980. But U.S. export trade in this period did not grow as rapidly as that of other developed market economies. The leading single-country importer of U.S. goods is Canada. Other major importers, in order of rank, are Japan, Mexico, the United Kingdom, and West Germany. Western Europe as a whole consistently buys 30% or more of U.S. merchandise exports annually. Developing countries (including oil exporters but not the People's Republic of China) accounted for about 31% of U.S. exports in 1967 and about 36% in 1980.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980)

U.S. Merchandise Exports, 1980
$ billions

TOTAL	221
Western Europe	68
United Kingdom	13
West Germany	11
Canada	35
Latin America and Caribbean (excl. OPEC)	31
Mexico	15
Asia (excl. OPEC, Japan)	29
Japan	21
OPEC	18
Oceania	5
Africa (excl. OPEC, South Africa)	4
U.S.S.R. and Eastern Europe	4
Other	6


22% 16% Canada
31% 31% W. Europe
U.S.S.R. and E. Europe .6% 2%
Japan 9% 10%
Asia (excl. OPEC, Japan) 13% 13%
13% 15% Latin America and Caribbean (excl. OPEC)
2% 2% Africa (excl. OPEC, S. Africa)
OPEC 6% 8%
Oceania 3% 2%
1967 1980
Exports as percentage of total $ value

Boundary representation is not necessarily authoritative

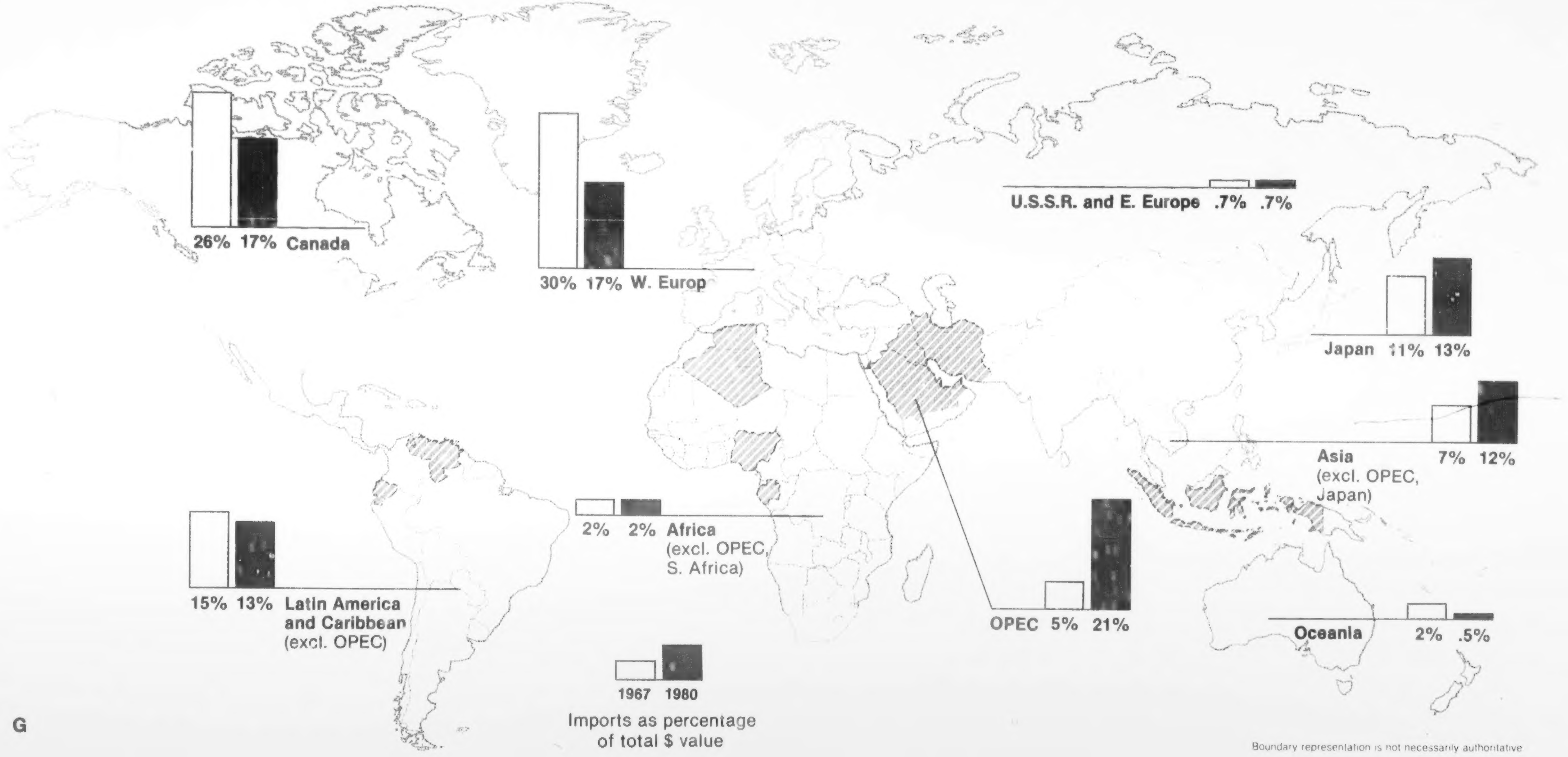
U.S. Merchandise Imports, 1967 and 1980

U.S. merchandise imports include manufactured items that compete with American goods as well as farm products and raw materials that generally do not compete. Petroleum and petroleum products have been the single most expensive import since 1974.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980)

U.S. Merchandise Imports, 1980
$ billions

TOTAL	**241**
OPEC	52
Western Europe	46
Canada	41
Latin America and Caribbean (excl. OPEC)	31
Japan	31
Asia (excl. OPEC, Japan)	27
Africa (excl. OPEC, South Africa)	4
Oceania	3
U.S.S.R. and Eastern Europe	1
Other	5


26% 17% Canada
30% 17% W. Europ
U.S.S.R. and E. Europe .7% .7%
Japan 11% 13%
Asia (excl. OPEC, Japan) 7% 12%
15% 13% Latin America and Caribbean (excl. OPEC)
2% 2% Africa (excl. OPEC, S. Africa)
OPEC 5% 21%
Oceania 2% .5%
1967 1980

Imports as percentage of total $ value

Boundary representation is not necessarily authoritative

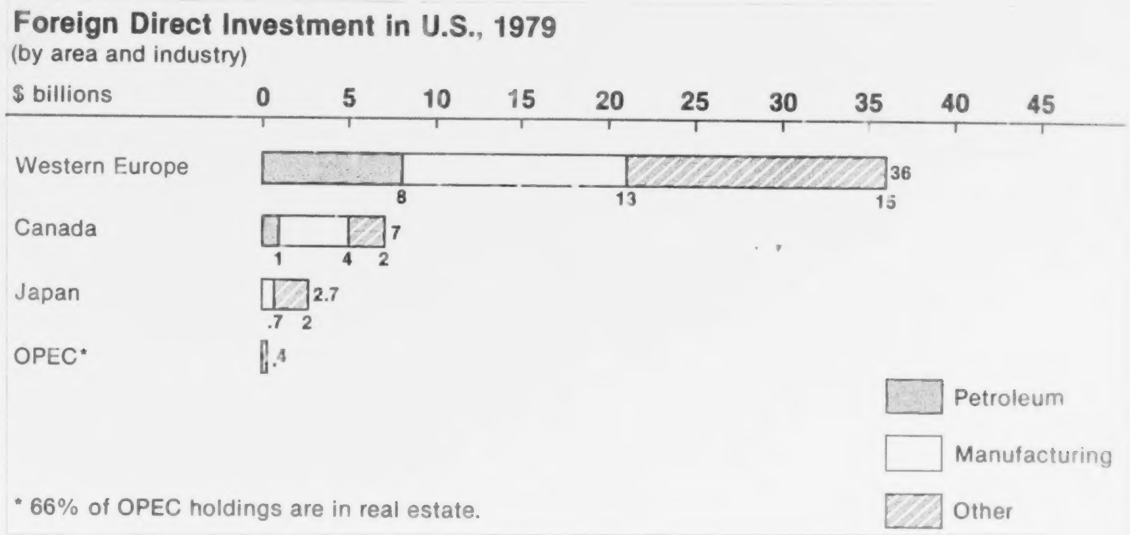
Foreign Direct Investment in U.S., 1970 and 1979

In the 1970s the United States attracted large amounts of direct investment from abroad. While this resulted chiefly from dollar devaluation, it also reflected international confidence in the strength of the American economy. Between 1967 and 1979 the amount of foreign direct investment in the United States rose from $9 billion to about $52 billion. In 1974–78 the United States attracted one-quarter of the world's direct investment, with Western Europe accounting for about two-thirds of the inflow.

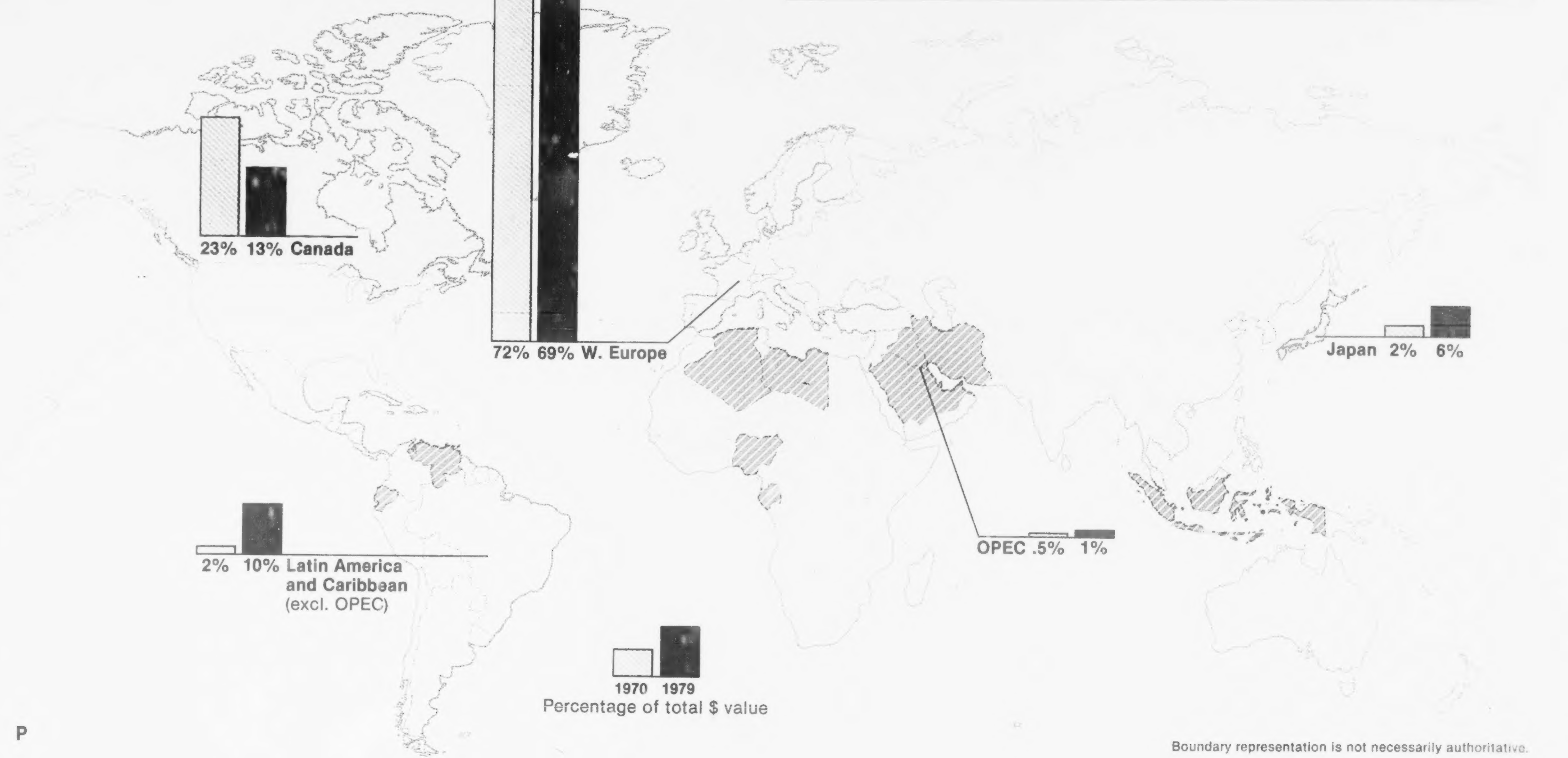
Largest investors were the Netherlands (largely in the petroleum industry) and the United Kingdom (chiefly manufacturing and petroleum).

Source: U.S. Department of Commerce, *Survey of Current Business*, February 1973, August 1980

Foreign Direct Investment in U.S., 1979
(by area and industry)



* 66% of OPEC holdings are in real estate.



Percentage of total $ value

Boundary representation is not necessarily authoritative.

years of frustrated attempts to emigrate to a country where they could practice their faith freely. There are at least 20,000 Pentecostals who want to emigrate and are denied the right to do so.

Devout Christian believers of all denominations have faced years of persecution, imprisonment, and systematic discrimination in education and employment. Indeed, during previous efforts to emigrate, four of the Vashchenko children were placed by the authorities in a state orphanage, and their father was forcibly confined in a psychiatric hospital. During the last 3 years, at least 250 Christians, to our knowledge, have been imprisoned in the U.S.S.R. for pursuing the dictates of their faith and conscience. These include Baptists, Adventists, Pentecostals, Russian Orthodox, True Orthodox, Greek Catholics, Roman Catholics, and Jehovah's Witnesses.

We have every reason to wonder whether this pattern of arrests may not be the "national tradition" we are asked to condone. This kind of "national tradition" has no place in any document brought forth by our meeting.

A major objective of many delegations at Madrid, including our own, has been to seek language in our final document that calls for the removal of obstacles preventing the individual from expressing his views and otherwise knowing and acting upon his rights and duties in the human rights area, including those concerning the implementation of the Final Act. The basis for this is in principle VII of the Final Act. It is, therefore, relevant to examine what has happened to the human rights activists and groups in the Soviet Union, whose purpose is exactly to concern themselves with the implementation of the Helsinki Final Act.

Since early June, three members of the psychiatric watch group, which was set up to monitor the abuse of psychiatric medicine to inflict political punishment, have been sentenced to prison terms.

One of them, Anatoly Koryagin, a psychiatrist, was sentenced on June 5 to 7 years in a labor camp plus 5 years of internal exile for "anti-Soviet agitation and propaganda." Koryagin's crime was to attest to the sanity of Aleksie Nikitin, a mining engineer who was forcibly committed to the Dnepropetrovsk special psychiatric hospital for protesting against unsafe working conditions of miners in the Donetsk region.

In a plenary statement on May 12, I noted the fifth anniversary of the Moscow Helsinki monitoring group. Since then, that group, and the Lithuanian and Ukrainian monitoring groups as well, have been further decimated by arrests and trials. This is the occasion to remember that the health of the Moscow group's founder, Yuri Orlov, and of founding member Anatoly Shcharansky, continues to worsen in prison, as does the health of Estonian rights advocate Mart Niklus, who is serving a 15-year sentence.

Raisa Rudenko, the wife of the founder of the Ukrainian Helsinki monitoring group, Mykola Rudenko, who is himself serving a 12-year sentence, was arrested on May 12 in Kiev. We have only recently learned of the rearrest on March 24 of Ivan Kandyba, founding member of the Ukrainian group, who now faces the possibility of yet another 15-year sentence, which would bring the total years he will have spent in confinement to 30.

We learned, too, that two new members of the Lithuanian monitoring group, Vytautas Vaiciunas and Mecislovas Jurivicius, were arrested and charged with "anti-Soviet fabrications" and participating in religious processions.

And in Latvia on June 9, Juris Bumeisters, a 63-year-old electrical engineer, was sentenced to 15 years of strict regimen camp for treason, reportedly in connection with his involvement in the Latvian Social Democratic Party, which belongs to the Socialist International.

And Andrei Sakharov remains banished to Gorky, weaker in physical strength, isolated by the Soviet authorities—but not forgotten by the world.

I am aware that we have mentioned many names today. I only wish that the list of arrests and persecutions since April 10 was much smaller, indeed, nonexistent. Let me only state that the names mentioned were but a few, il-

CSCE Review Conference

The CSCE [Conference on Security and Cooperation in Europe] review conference in Madrid has agreed to recess until late October, when it will reconvene for about 8 weeks. The inflexible position taken by the Soviet Union on both security issues and human rights has made a constructive outcome impossible and precipitated the recess. The NATO nations, with the expressed appreciation of members of the neutral/nonaligned group, attempted during the past 2 weeks to bridge East-West differences. Toward this end we presented a major initiative for a balanced outcome at Madrid. It proposed movement forward in the human rights area, along with a revised formulation for the mandate for the French-proposed conference on disarmament in Europe which would negotiate confidence-and-security-building measures in Europe.

The Soviet Union, however, rejected both the human rights and security components of this initiative out of hand and tabled a counterproposal which reflected no forward movement whatsoever and was recognized quickly by the Western nations as being so extreme as to close off any serious negotiations. The impasse reached at Madrid has highlighted, once again, the serious shortcomings of the Soviet Union in carrying out CSCE obligations, as well as its record of human rights violations generally. At the same time, the Soviet response to the West's efforts to reach agreement on a disarmament conference mandate—and particularly the continuing Soviet refusal to permit all of its European territory to be covered by a confidence- and security-building measures regime—reinforces serious doubts about Moscow's commitment to the arms control process and to practical efforts to reduce international tensions.

Developments in Madrid have underlined, once again, the importance of the allied unity and firmness which have characterized the negotiations throughout the conference. We and our allies value highly the CSCE process. We remain dedicated to a dialogue on humanitarian and arms control issues wherever serious dialogue is possible. But this depends on Soviet willingness to participate in meaningful negotiations and to seek constructive solutions. We hope such an attitude will be reflected in the East's positions when the Madrid meeting resumes in the fall and will enable the participants to agree on a balanced and substantive concluding document by mid-December.

CSCE press release of July 27, 1981 (made available to news correspondents by Department spokesman Dean Fischer). ■

Relationship of Foreign and Defense Policies

Secretary's Haig's statement before the Senate Armed Services Committee on July 30, 1981.[1]

It is a pleasure to appear before you today to discuss the relationship between foreign policy and the role of military power. This is an important, indeed critical, subject for our nation. It deserves the fullest attention of the legislative as well as executive branch of our government.

There can be no easy distinction drawn between foreign and defense policy. They are inextricably linked. Together with economic policy, they comprise a strategic approach to international relations which this country must pursue if we are to remain free and prosperous. Moreover, we must coordinate this approach within the executive branch, between the executive and legislative branches, and with our friends and allies around the world.

Historically, this nation has sometimes ignored the interrelationship between military power and foreign policy. Too often, we have assumed that military strength had no relation to the pursuit of peace, that preparations for war began only after diplomacy had failed. Rather than recognizing the utility of military power in preventing war, we frequently sought refuge behind our oceans, legal constructs, or moral idealism.

But the world has changed dramatically since World War II. Intercontinental missiles and bombers, armed with nuclear weapons, can span ocean barriers in minutes or hours. Resource dependence and the global economy have linked our fate and well-being with other regions as never before. We can no longer accept a policy which draws an artificial line between diplomacy and the ability to project military power. While the desire to avoid conventional war was insufficient to bring about this integration in the past, the responsibility of deterring nuclear war should offer a forceful incentive today.

The Soviets clearly understand the relationship of foreign policy and military power. Following World War II, they rapidly developed atomic weapons. After their humiliation in the Cuban missile crisis, they accelerated improvement of their power projection forces and their global capability to challenge ours.

Today, the Soviet Union is a global military power. Its capabilities are worldwide in reach and massive both in conventional and nuclear forces. As a result, the United States has no alternative but to achieve and maintain balancing capabilities. We can no longer afford to seek a shortcut by trying to offset conventional deficiencies with nuclear preponderance. Likewise, we can no longer view the world as divided into distinct strategic zones in which wars can be discretely fought and contained. We must recognize that a U.S.-Soviet war anywhere is likely to spread to other fronts and may become global very quickly.

In an era when editorial writers speak of the "impotence of power," the Soviets and their surrogates have successfully employed unsheathed military might in Angola, Kampuchea, Ethiopia, and Afghanistan. Most recently, the Soviets have sought to intimidate Polish Government domestic actions by massing forces along the border.

This last example illustrates a reality which we in the United States have not always appreciated. Military force alters political perceptions through the capacity to intervene as well as through intervention itself. Military power is not an end in itself, nor is it a substitute for diplomacy. It is, however, a critical backdrop for conducting a successful foreign policy. It is an essential precondition for a coherent strategic approach to international relations.

This Administration is determined to deny the Soviets any opportunity to conduct a foreign policy aimed at exploiting real or perceived American military weaknesses.

For a time following World War II, we understood this relationship. We set about to rebuild and protect Europe with all of the instruments at our disposal—political, military, and economic. The result was a highly successful strategic approach which led to NATO and European economic recovery.

During the 1960s and 1970s, the cohesion of our foreign, defense, and economic policies disintegrated. Vietnam, Watergate, and prolonged economic problems led to an inability or disinclination to define and implement an effective strategic approach. While domestically debating the utility of military power, we watched a vigorous Soviet military modernization program take shape without pursuing compensating actions. By failing to compete effectively, we allowed the military balance to shift toward the Soviets. In addition, high oil prices, inflation, limited investment, and even smaller gains in productivity caused our economy to stagnate. As a result, U.S. ability to shape events decreased. In particular, as Soviet military power increased, our ability to deter Soviet adventurism declined dramatically.

Integrated Approach

President Reagan fully appreciates this historical perspective. He has a clear sense of our objectives in foreign policy: a world hospitable to our society and ideals, a world where peaceful change is the norm and nations can settle disputes without war. The President also has a coherent strategic approach for attaining these objectives and restoring U.S. leadership. Let me map out the four basic elements of this integrated approach as I see them.

First is U.S.-Soviet relations. We recognize the inevitability, and in many instances the desirability, of change. But we insist that the Soviets avoid the use of military force, coercion, subversion, or support for terrorism. They must restrain their international activities within the bounds of peaceful action and the conventions of international law.

In order to enhance our security and demonstrate our resolve in pursuing this new course of U.S.-Soviet relations, we are embarking upon a major program to improve our military capabilities. This Administration is determined to deny the Soviets any opportunity to conduct a foreign policy aimed at exploiting real or perceived American military weaknesses. In addition, we will seek, through stricter export controls, to curtail the sale of military or dual-use technology to the Soviet Union.

Second is our effort to revitalize alliance relationships and to strengthen bilateral relationships with friends who share our strategic interests. We can only accomplish this goal with a new spirit of consultation, a frank give-and-take among close friends. We must pursue coordinated foreign, defense, and economic policies, as was our objective at the Ottawa summit. At the same time, we must show again that America is a reliable partner, consistent in our approach to international problems and balanced in our policies. Above all, the industrial democracies must achieve the military strength, confidence, and unity of purpose necessary to deter or defend against those who threaten our vital interests.

Third we intend to construct helpful and responsive relations with the less industrialized nations. We recognize that there are significant cultural and, in some cases, political differences between these countries and the United States. However, we all share an interest in trade and economic development. Moreover, unlike the Soviets, the United States has offered markets, as well as technological assistance and humanitarian aid, without the demeaning entanglement of a client-state relationship. Failure to continue to do so, and to expand on these efforts, could weaken political stability in these regions, endanger our access to vital resources, and alter the East-West political-military balance against us.

In approaching the developing world, we do not construct any false dichotomies between North-South and East-West issues, treating the former as economic and the latter as military. Rather, we recognize that progress in our relations with the many nations of the south is dependent, in part, on our success in dealing with East-West security problems. Moreover, peaceful economic development and political change can only take place when people feel secure and free from threat. Our integrated program of economic and security assistance is directed toward that end. To the extent that we succeed in providing security and stability in developing countries, we remove targets of opportunity from the Soviets and their surrogates.

Fourth and finally, the President and this entire Administration are committed to strengthening the domestic economy. All our other policy goals depend on success in this area. Without a stable and growing economy, we can sustain neither a robust defense policy nor a strong foreign policy.

Policy Linkage

I would like to turn now to a more specific discussion of how our military and foreign policies interrelate. Earlier this year, Cap Weinberger [Secretary of Defense Caspar Weinberger] submitted this Administration's first steps to rectify the mistakes of the past in his extensive additions to the FY 1981 and 1982 defense budgets. Our defense improvements, as part of a balanced national security effort, emphasize both nuclear and conventional forces.

> ***. . . in providing security and stability in developing countries, we remove targets of opportunity from the Soviets and their surrogates.***

Improvements in strategic nuclear forces will enhance our ability to deter attack or threats of attack on ourselves or our allies. These measures will remove the perception of U.S. vulnerability to nuclear blackmail. Theater nuclear forces form the bridge between America's global military posture and regional defense commitments. Improvements in this area will allow us to reassure allies that temporary conventional force imbalances in their regions will not result in intimidation.

Our conventional military improvements will further bolster friends and allies in the knowledge that we are reliable and consistent partners. They will also provide the initial—and crucial—deterrent to Soviet initiation of hostilities which, once started, could escalate to the nuclear level. In particular, improvements for U.S. naval forces and strategic mobility will reassure our security partners. They demonstrate that we are willing and able to aid them and that we can sustain that aid against any challenge to our lines of communication.

In NATO conventional and theater-nuclear improvements are intended to improve the military balance in that region. Our efforts are directed at encouraging greater allied defense contributions by example rather than compulsion. We are encouraging the allies to provide additional critical forces, and we will continue to do so. At the same time we should recognize that they already make important contributions—in manpower, for example—and that public criticism is often counterproductive. Improved European security will also benefit us elsewhere in the world. Confident of their security at home, West European nations may individually be more willing to assist us in external efforts in behalf of our common interests.

In Northeast Asia our conventional force improvements are directed toward similar goals. In particular, our naval improvements will enhance our force posture in the western Pacific where we rely primarily upon sea-based deployments to maintain an effective forward defense. In addition, we have decided to maintain our current ground force levels in Korea.

In Southwest Asia, the United States is seeking a strategic consensus among our friends directed toward the common Soviet threat. We are attempting to convince them that we are a reliable and capable security partner, serious about defending our vital interests in their region in partnership with them. The U.S. naval presence in the Indian Ocean, our efforts to improve security relations with Pakistan, and the generally expanded security assistance budget requests for Southwest Asia are examples of this.

There are, of course, other problems in Southwest Asia. The United States is seeking to bring an end to the current tensions in Lebanon, to build upon the breakthrough of Camp David, and, in general, to ameliorate the impasse between Israel and the Arab states. We recognize fully the need to pursue these efforts in parallel with our strategy to counter the Soviets.

Throughout the developing world we seek through a combination of security and development assistance to help in the maintenance of a secure and stable environment. A secure environment for these nations also helps to remove the incentive for nuclear proliferation.

In many cases creating a stable environment requires only economic assistance. In some cases, where external aggression and subversion are significant, we will offer security assistance to restore stability and provide an opportunity for peaceful change. Security assistance, however, will often be paired with economic aid. In El Salvador, for example, our economic aid is over three times the size of our military assistance. Our broad approach to these problems is

Q. Some of the West Europeans have objected strongly to Administration and Federal Reserve economic policies, particularly on interest rates. France's foreign minister has asked how the United States can go it alone on the economic front while demanding more political and military cooperation. What's your answer to that?

A. It was the Europeans who were most critical of the policies over the last 4 years here in the United States because of lack of discipline. Now the President has adopted a series of interrelated policies which are tightly balanced and designed to get inflation under control. These will have the practical consequence, if they succeed, of driving down the interest rates which concern our European partners. While the Europeans can be expected to complain bitterly, they must also recognize that we are working on solutions which are long-term and permanent and of which they will be the beneficiaries when they succeed.

Q. President Sadat is scheduled to come here with the declared purpose of putting the Palenstinian issue back at the top of the Middle East agenda. Is it in our interests to have the Palestinian issue front and center?

A. I think it's in our interest to have a renewed sense of momentum in the peace process in the broadest sense of that term.

Q. Is it your intention to name another negotiator to carry on these talks?

A. It's too early to say. We did not feel it would serve any useful purpose, given the current status of the peace process itself. I am somewhat leery of such a high-level American official being appointed unless we know that that individual would be a catalyst toward progress.

Q. What I hear you saying is that you don't want to highlight Palestinian autonomy talks until you have some sense that you're going to make some progress there.

A. I think one of the worst things we do day-to-day in the conduct of our affairs is to raise expectations. It usually is a self-defeating process.

Q. After Israel bombed the Iraqi reactor, this Administration suspended the shipment of four F-16s, and I gather the policy now is to go ahead and send the six that are scheduled for delivery in the middle of July. So what have you accomplished by—

A. No, that's not the policy. The policy is to recognize that we have made a suspension and to conduct a review of the circumstances that led to that decision and to complete that review as quickly as possible. Hopefully we will do so before the next delivery date.

Q. If you don't, the other six planes don't go?

A. The decision itself was on the shipment of the four, and that's all that is relevant at the moment.

Q. What do you think would be the effect on U.S.-Saudi relations if the AWACS [airborne warning and control system aircraft] sale doesn't go through?

A. It would have serious impact; not just on our bilateral relationship with the Saudi Government but also with respect to our objectives in the region.

Q. North-South issues seem to be a high priority with some of our allies.

A. They're a high priority with us.

Q. There's been a lot of opposition in Congress to foreign aid. What is your philosophy of—

A. It's very understandable that there would be opposition to foreign aid of any kind, and especially multilateral foreign aid. But I think it's important for us to recognize that we are dealing with a subject which is profoundly related to the national security of the United States. It is sometimes far more efficient and far more beneficial through aid and security assistance to develop the capabilities of nations which share our values than to spend some billions for a nice-to-have and important unilateral military asset.

Q. There are those who are pushing to eliminate U.S. contributions to such multilateral institutions as the World Bank—

A. Just plain decapitate this activity. I would hope they would step back and look at the positive aspects of multilateral institutions and work with us to correct the unacceptable aspects of funding allocations. We have commitments and obligations. If we were to renege on them, it would have a profound impact on American credibility.

Having said those things, I understand and am sympathetic with the need to funnel greater proportions of our foreign assistance into bilateral channels.

Q. It is often said that President Reagan is not fully focused, yet anyway, on foreign policy issues and is spending most of his time on domestic programs.

A. I think it is a distortion. I think he came into office disinclined to succumb to the syndrome that many of his predecessors followed; that is, that foreign affairs is the exciting part of the presidency. He came in with the clear recognition that the United States could not reinvigorate its leadership worldwide and be effective internationally if he presided over an economic shambles here at home.

I'm very sympathetic to that because I thought the interrelationship of our economic failures here at home with the problems we had in Europe during my time as a NATO commander were profound. What the President has concluded is that he's got to deal with them because they are the foundation on which all of the others can be successfully pursued.

In the meantime, he's already initiated in every area of foreign policy a whole host of departures from past policy. I have met with 42 foreign ministers, more than half that number of heads of state or government, and they understand we have a foreign policy, and they welcome it. There is no question in their minds about it.

Q. What previous Secretary of State do you admire most?

A. I suppose being a man who came through the military, I haven't given it a great deal of thought. I tend to focus on military leadership. I suppose also having experienced the job for a brief period, I have nothing but the utmost respect for all of my predecessors.

I have been a great admirer, because I had a chance to watch him in the formative period, of Dean Rusk, an unusual public servant. In historic terms, of course, I guess I admire Dulles too because he had a conceptual view. But you can go back in the earlier period of history and find that there were certain Secretaries of State who made the decisions courageously that built our nation into what it is, decisions that were very, very controversial at the time. I think it's a controversial job. Few emerge without a few layers of scar tissue.

Q. Do you have a few scars to show already?

A. I have more than I thought my carcass could tote around.■

Interviews on the "Today" Show

Secretary Haig was interviewed on the NBC "Today" Show by Tom Brokaw on July 14, 1981, in New York and on August 5 in Washington, D.C.

JULY 14, 1981[1]

Q. The Soviet Union and their client state, Vietnam, which have a major role in Kampuchea, are boycotting this conference [the U.N. conference on Kampuchea]. You have said in the past that our future relations with the Soviet Union will depend, in part, on their behavior in places like Kampuchea. This is not a very encouraging signal from them, is it?

A. Not necessarily. I don't think anyone expected them to rush with eagerness to a conference which is represented by over 70 nations, all condemning the actions of Hanoi and Kampuchea and the sponsorship of those actions by the Soviet Union. It's unfortunate that neither side chose to participate and to join in our efforts to achieve a political settlement.

Q. But the end result will not be very positive at all if the Soviet Union and Vietnam which, in fact, control Kampuchea now do not respond to what you decide to do here.

A. That remains to be seen. Clearly, we would have preferred that they participate, but the very fact of the conference—a large group of nations that chose to participate—is a firm indication of the growing resistance worldwide to Soviet interventionism.

Q. There is a report in the *Daily News* that later today, in New York, you will tell a New York audience that the United States, that the Reagan Administration is, in fact, interested in arms control negotiations and that a process can begin before the end of this year. Is that an accurate report?

A. There is nothing newsworthy about that. I think President Reagan has made it very clear that he is an advocate for arms control, and especially reductions—actual reductions—in the levels of strategic nuclear weapons.

The reference to the initiation of arms control talks before the end of the year goes back to the already announced decision of the North Atlantic Council in Rome this past spring, which was itself a reaffirmation of a decision made in 1979 to get on with the dual tracks for theater nuclear modernization on the one hand and discussions for reductions of theater nuclear weapons on the other.

Q. I think that there may be some confusion on the part of the American people about just what is going on. Can we go ahead and have discussions with the Soviet Union about the reduction of missiles in Western Europe and in the Soviet Union until we have totally unified NATO alliance on the role of our own middle-range nuclear weapons in that part of the world?

A. First, let me suggest that there has been for 35 years a rather unified position by the NATO alliance on the role of the nuclear weapon in the defense of NATO Europe. The problem today is to be sure that all the details associated with that strategic consensus, if you will, are understood by both Europeans and ourselves before we enter into these discussions. That process is underway and should be completed well before the end of the year.

Q. But I know that there is concern within the State Department and within the Reagan Administration on the part of the resistance of the Netherlands, for example, to the placement of those kinds of weapons; the growing pacifistic movement within Western Germany, for example, some criticism, some ambivalence about the role of those missiles. Won't that have an effect on our attitude toward starting talks with the Soviet Union?

A. Not necessarily. We have today the essential concensus for deployment of new systems on the Western side—in Italy, West Germany, and in Britain. We would like very much to have both the Netherlands and Belgium join in that consensus, and I'm optimistic that, over time, they will do so. In the meantime, we have what is necessary to get on with both the modernization and the discussions with the Soviets.

Q. Can you expect that in October, November, or December of the next year that there will be a sitting down at the table with the Soviet Union on that question, before the end of the year?

A. Yes. I anticipate that will happen. I am scheduled to discuss it here in New York at the United Nations in September with Soviet Foreign Minister Gromyko, and I would anticipate formal discussions beginning shortly thereafter.

Q. What about the larger question of SALT talks? Will that begin, do you think, any time in the foreseeable future?

A. Clearly, it is our posture and our policy to enter into such talks when a number of things have been completed, and that is our own internal assessment on this important subject—and I will talk to it today in my speech—and also when we have had a feeling of assurance that such discussions will be accompanied by other political activities which make the prospects for these talks promising.

Q. Some linkage between SALT and other activity in the world?

A. Of course, linkage is a fact of international life. Those who claim that it is not are accepting the opposite premise—the antithesis of that—and that is that we have to accept Soviet aggression in order to have progress in arms control.

Q. Will the Soviets have to do something other than what they're doing right now in Afghanistan before we're interested in SALT talks?

A. That remains to be seen. There is no one who would suggest that the problem has to be totally solved, but I think there have to be some mutual understandings with respect to progress on that subject.

Q. Before we can sit down and talk about SALT?

A. I would anticipate that would be one of the governors.

Q. Are we going to deliver to the Israelis the F-16s that they feel are due this Friday [July 17]?

A. This is a decision for the President to make. As you know, I've had Mr. McFarlane [Robert C. McFarlane, Counselor of the Department of State] in Israel. He concluded discussions yesterday with the Begin government and will be back today to report to me tions of international law and agreements, states have the right to prescribe conditions under which enterprises operate within their jurisdictions and that enterprises located in a country are subject to the law of the country.

It is our understanding that the three American companies which are exporting infant formula have been concerned about the charges of improper marketing practices—probably more than manufacturers of other countries. We are confident that the companies will continue to give serious attention to the questions raised by the WHO code.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 ■

OECD Ministerial Meeting Held in Paris

Deputy Secretary of State William P. Clark represented the Secretary of State in Paris June 16–17, 1981, at the meeting of the Council of the Organization for Economic Cooperation and Development (OECD) at ministerial level. Following is his statement made before the council on June 16.

It is a great pleasure for me to represent the Secretary of State at this, the first OECD ministerial since President Reagan assumed office in Washington.

As a new Administration, we have, of course, undertaken to assess the situation we face, to define our priorities, and to fashion our policies. While this process is well underway in Washington, it is possible to state certain fundamental positions which underlie our policy. These apply as well to this organization and to the important business which we, as other member countries, deal with here.

Fundamentals of U.S. Policy

First, the success of U.S. foreign policy requires a dynamic, productive domestic economy. The most important contribution the United States can make to global economic health is to revitalize our own economy, restore noninflationary growth, and stimulate productive enterprise. To achieve this, President Reagan has proposed to the Congress a bold, four-part program that will attack the root causes of our economic problems rather than just cope with short-term factors or the symptoms of these problems. These proposals call for great sacrifice by the American people, but there is broad support to do what is clearly necessary.

The past 5 months in Washington have been eventful and exciting. We have already made dramatic progress, thanks to President Reagan's leadership. Success of this program must lead to success in our foreign policy in the OECD, and beyond.

Second, the United States fully appreciates the growing interdependence linking the economies of OECD nations—indeed, of member and nonmember nations as well. We are all affected by one another's successes and failures. We all recognize this interdependence is growing and affecting more and more aspects of our economic life. This interdependence is both a contributing cause as well as a result of the extraordinary economic progress of our countries since World War II. We all know the contribution trade and investment liberalization has made and the role of the OECD in providing an impetus to opening up the channels of world commerce.

Third, the United States, therefore, remains committed to an open world trading system, with minimum barriers to the flow of goods, services, capital, and technology across national boundaries—a system that allows all nations to advance in an environment of peaceful competition and mutual advantage. The United States remains firm in its resolve to resist protectionism. We and our trading partners must reaffirm our support for an open trading system. We can give effect to this resolve by full implementation of the commitments each of us made in the Tokyo Round of trade negotiations and in the OECD's declaration on trade policy and by continuing the effort to reduce barriers to trade and investment. The importance we assign to this subject will be further underlined in the statement which the U.S Trade Representative, Ambassador William Brock, will make later today.

Fourth on this abbreviated list of fundamentals, the United States supports the OECD as an indispensable forum for dealing with our common economic problems. This organization has played a valued and unique role in fostering economic cooperation among the industrial democracies. We expect it to remain a positive force in on-going cooperation and consultations among member countries.

Our agenda today reflects the range of our concerns as well as our preoccupation with global problems, and this is characteristic of the OECD.

Relations With Nonmembers

Our relations with nonmember countries, the first agenda item, should be considered in a broad context. We believe that the most valuable contributions the United States can make to development are to restore and maintain a growing U.S. economy, free of inflation and unfettered by needless barriers to production and innovation, and to provide a secure and peaceful international climate. Our own domestic economic health will enable us to keep our markets open to the exports of developing countries, facilitate investment in such countries, increase their access to capital, and promote their development thereby. The same crucial connection between economic health at home and vigorous development abroad applies to all OECD countries. Both developed and developing nations must pay greater attention to the vital role of the private sector in the development process.

Concentration on the relatively small official aid contributions sometimes leads us to forget these much larger flows from the rest of our economy. U.S. imports from non-oil developing countries in 1979 were $58.6 billion, more than ten times our official aid flows. One out of every $4 of U.S. manufactured imports originates in the Third World. U.S. direct investment in the developing countries runs at, or above, the level of aid, and less developed countries' use of private capital markets results in commercial bank loans and bond issues far exceeding development assistance. In 1979 alone commercial banks provided $37 billion to the less developed countries, while total flows of official development assistance from all OECD countries were $22 billion. While noting these more significant contributions from other sources, I do want to emphasize that for FY 1982, the level of U.S. aid contributions will increase 18%, and, further, we will honor our commitments to the multilateral development banks.

The developing nations constitute a mosaic of diversity—not a monolith with one set of needs and one set of objectives. They require the same individual consideration and policy attention which OECD nations expect from one another. We recognize the growing interdependence between OECD nations and developing countries and support the role of this organization in fostering cooperative, mutually beneficial relations between members and nonmembers.

Trade and Investment Issues

Trade and investment likewise warrant our continuing attention if we are to restore vigor to our own economies and those of our trading partners. The United States remains committed to maintaining an open, multilateral, and market-oriented world trading system. The well-being of our people is more directly dependent than ever on international trade. Between 1970 and 1980, OECD exports—as a share of GNP—rose from 10.7% to 16%. At the same time, however, because of low growth, high unemployment, and balance-of-payments pressures, protectionist forces are growing stronger in all our countries. We need to work together on a solid trade agenda for the coming decade. None of us can afford to let the momentum toward liberalization that was generated in the Tokyo Round slow down. We must deal with such pressing immediate issues as export credit subsidies and renewal of the multifiber arrangement. We must also work out our approach to issues like trade in services and investment performance requirements, which have not yet been addressed adequately.

International investment also presents challenges and opportunities. The Reagan Administration believes that market forces rather than government fiat produce the most efficient distribution of investment capital and the most sensible allocation of scarce resources. The OECD committee on international investment has played an important role in establishing a common framework for investment. The committee has done particularly valuable work to define and support the concept of national treatment for enterprises under foreign control and to assure that such enterprises are treated no less favorably than domestic entities in like situations. The United States takes this opportunity to reaffirm its strong support for national treatment and urges all OECD member countries to support extension of this key principle. At a time when many are suffering from high inflation, excessive unemployment, and inadequate growth, we must make every effort to eliminate unjustified impediment and disincentive to investment flow.

Energy Security

Energy security likewise remains a crucial topic for all of us. While market pressures on oil prices and supply uncertainties have recently lessened, now is not the time to relax our coordinated efforts to deal with our common energy problems. Rather, as our colleagues at yesterday's International Energy Agency ministerial meeting agreed, we must use this respite—however long it may last—to sustain and intensify our efforts to reduce dependence on imported oil and limit vulnerability to energy supply interruptions in time of crisis.

In the United States we have witnessed gratifying success in cutting our reliance on oil imports. After a sharp buildup through 1977 we have steadily reduced oil consumption and imports to below 1973 levels. The Reagan Administration is emphasizing, in the first instance, market-oriented policies to expand supply and insure that energy is used efficiently. A key element has been President Reagan's February decision to decontrol oil prices. Other supply-oriented policies are now in motion, including accelerated leasing of offshore oil and gas, restoration of public confidence in nuclear energy, and relaxation of regulatory constraints on coal production and use.

Thus all of us can agree on one undeniable fact: We have a very full agenda, not just for this meeting but for the 1980s. Our problems are many, our resources limited. But in trying to understand—and cope with—our common difficulties and challenges, we must not ignore our strength. We member nations have the strongest economies on Earth. We are blessed with strength and vitality. Our job is to harness and enhance these energies and return our economies to a path of growth and innovation without ruinous inflation. If we can restore the momentum that once sustained an unprecedented rise in living standards, expanding employment, and technological advance, we will serve the interests of people in all nations. ■

EUROPE

Challenge for Progress on the Helsinki Final Act

by Max M. Kampelman

Statement made in a plenary session of the Conference on Security and Cooperation in Europe (CSCE) in Madrid on July 28, 1981. Ambassador Kampelman is chairman of the U.S. delegation.

We have decided to recess at the close of our proceedings today and to reconvene on October 27. Many of us began to meet here in Madrid on September 9. Our inability, in more than 10 months of active and tiring deliberations, to complete the tasks assigned to us by the Helsinki Final Act is a regrettable but understandable reflection of the international reality. The same corrosive tensions that formed the background of our meeting in September remain with us today.

The American delegation is not surprised by our inability to conclude our work. The Helsinki Final Act, as we and most delegations here have pointed out during the initial review of the implementation phase of our meeting, has been grossly violated. It continues to be, in its basic essentials, defiantly challenged by those who choose not to live up to its provisions, in spite of their commitment to do so.

Nevertheless, our delegation and others continue to work and to consider new proposals, with the thought that we might at least agree on words to strengthen the Final Act; and with the hope that these words might in turn later produce the compliance that has been so conspicuously absent.

Western Proposal on Security

Eleven days ago, in an effort to move this meeting to a constructive ending, our delegation joined a number of others in a package proposal. During informal meetings with every delegation here, we proposed language to resolve our differences on defining a mandate for a conference on the military aspects of our security. Our basis was the language proposed in the neutral and nonaligned text. Out of respect for the yearnings in this body for a conference on confidence and security-building measures and disarmament in Europe and in response to a real need to deal with the threat of surprise military attack in realistic,

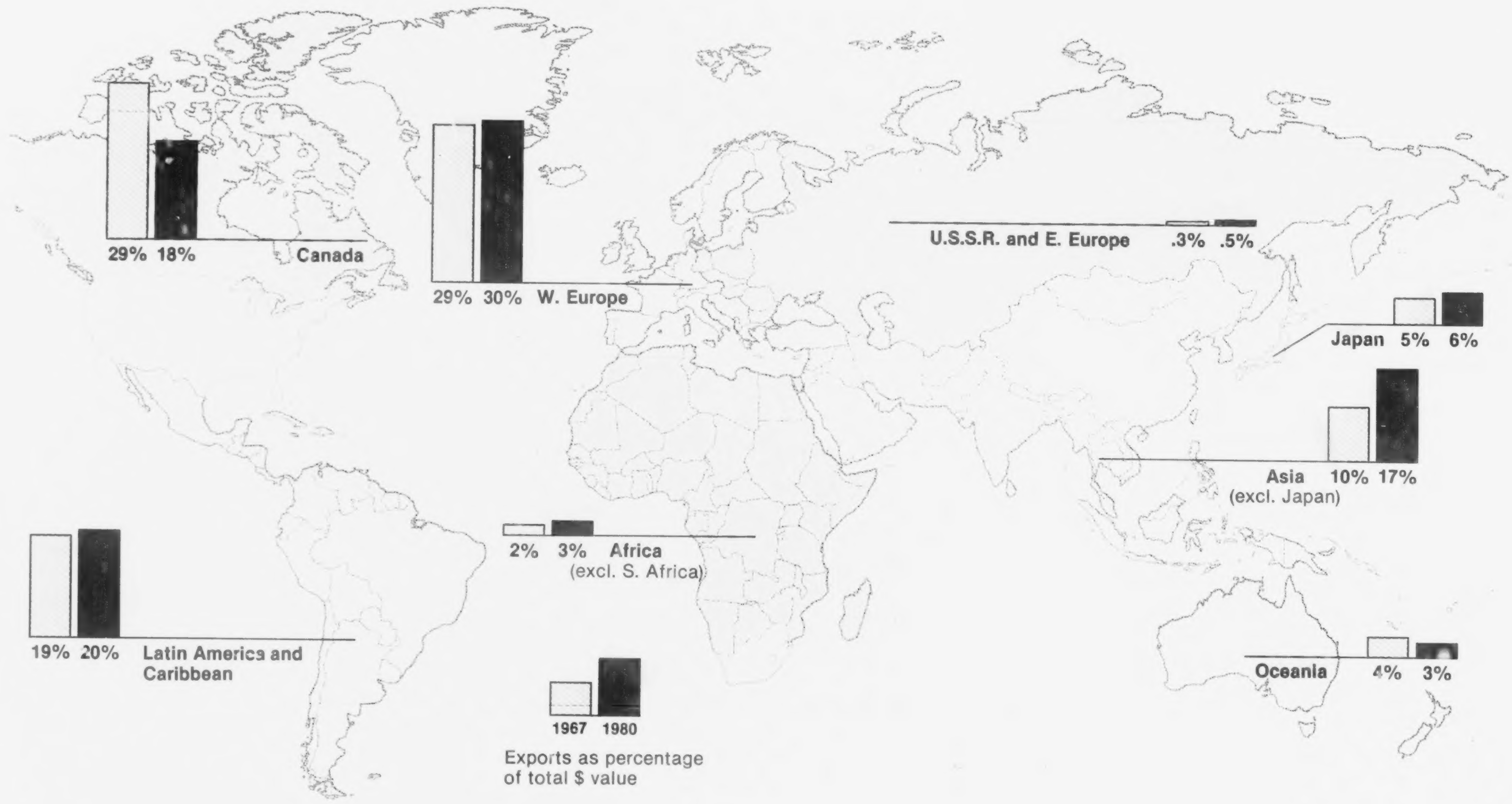
U.S. Manufactured Exports, 1967 and 1980

The United States is the world's second largest exporter of manufactured goods, accounting for nearly 18% of the world total in 1980. Machinery accounted for nearly one-third of U.S. manufactured exports in 1980. Automobiles, buses, and trucks were the largest single export category. West Germany is the largest exporter of manufactured goods with nearly 21% of the world's total. Most of West Germany's manufactured exports went to other members of the European Economic Community. While Canada, Japan, the United Kingdom, and West Germany have long been the largest individual importers of U.S. manufactured goods, the Asian developing countries as a group are now the fastest growing market.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1980; EM 450/455 (U.S. Exports-Domestic Merchandise)

U.S. Manufactured Exports, 1980
$ billions

TOTAL	**144**
Western Europe	42
United Kingdom	9
West Germany	7
Latin America and Caribbean	28
Canada	26
Asia (excl. Japan)	25
Japan	9
Africa (excl. South Africa)	4
Oceania	4
U.S.S.R. and Eastern Europe	1
Other	5


29% 18% Canada
29% 30% W. Europe
U.S.S.R. and E. Europe .3% .5%
Japan 5% 6%
Asia (excl. Japan) 10% 17%
2% 3% Africa (excl. S. Africa)
19% 20% Latin America and Caribbean
Oceania 4% 3%
1967 1980

Exports as percentage of total $ value

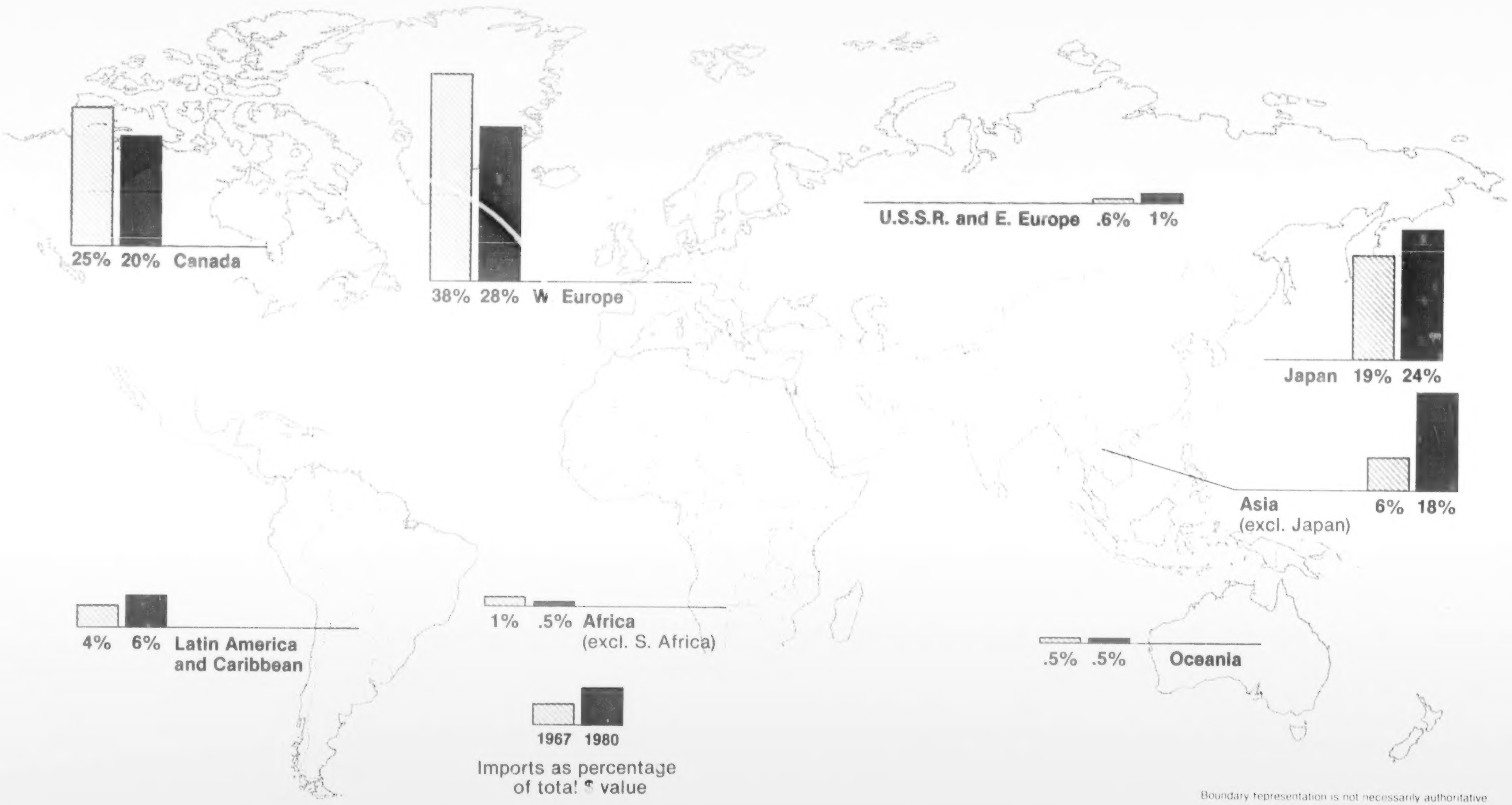
U.S. Manufactured Imports, 1967 and 1980

Although Western Europe has remained the principal supplier to the U.S. of manufactured imports, the share of Asian developing countries has tripled while Japan's has grown nearly one-third since 1967. Automobiles, buses, and trucks were the largest single category of manufactured imports in both 1967 and 1980. Japan has surpassed both Western Europe and Canada in auto exports to the United States. In 1980 Japan sold 1.9 million cars in the American market.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980); IM 150/155 (U.S. General Imports)

U.S. Manufactured Imports, 1980
$ billions

TOTAL	125
Western Europe	35
Japan	30
Canada	25
Asia (excl. Japan)	23
Latin America and Caribbean	8
Africa (excl. South Africa)	1
U.S.S.R. and Eastern Europe	1
Oceania	1
Other	1



25% 20% Canada
38% 28% W. Europe
U.S.S.R. and E. Europe .6% 1%
Japan 19% 24%
Asia (excl. Japan) 6% 18%
4% 6% Latin America and Caribbean
1% .5% Africa (excl. S. Africa)
.5% .5% Oceania
1967 1980
Imports as percentage of total $ value

Boundary representation is not necessarily authoritative

lustrative of many more men and women who have become victims of state oppression.

What we have witnessed during the entire life of this Madrid meeting—while the Soviet delegation has been professing its fidelity to the Final Act—is a systematic effort by the regime to destroy the entire human rights movement in the Soviet Union. No human rights group has been left untouched. But these men and women know they have friends. They are not forgotten. We remember them here. Their friends will continue to remember. Books published all over the world will recall their deeds for new generations to remember.

We have on another occasion noted that in Czechoslovakia human rights champions are facing similar dangers. On July 9, Jiri Gruntorad, a young fighter for human rights and a signer of Charter 77, was sentenced to 4 years in prison for subversion. Following mass arrests on April 28, trials have begun for members of Charter 77 and VONS (the Committee for the Defense of the Unjustly Persecuted). Just yesterday, the trial of spokesman Rudolph Battek took place. There are reports that other trials are imminent. We deeply hope that the Czechoslovak regime will reconsider before it does new damage to its standing at this conference and its relations with the states represented here.

The head of the Soviet delegation has reminded us many times of the small number of human rights activists that exist in his country. Then why is his government so afraid of them? Has it so little confidence in itself that it cannot tolerate the activities of a handful of people? Why is a state that calls for peaceful coexistence unable to coexist with its own internal differing views? Why must it punish people for asking their government to observe the commitments it assumed of its own free will?

I will make a prediction—not a warning, a prediction. The regime can, by force, weaken and even come close to obliterating the formal human rights movement in the Soviet Union. We know from recent history that any totalitarian regime can, if it is ruthless enough, succeed with repression—in the short run. But the struggle for liberty will remain alive. The movement will survive and in time flourish. It will remain alive because new people will emerge to take the place of those who have fallen. It will survive because the whole of history has shown that no method of police brutality has yet been devised to crush the human spirit.

Let me now state that we do not here seek, nor do we have a right to seek under the Helsinki Final Act, to interfere with the political, social, economic, and cultural system of any other participating state. We do not do so. But we have every right to insist that participating states conform to the provisions of the act. What state here maintains that human brutality and repression are an integral part of its system? What state here maintains that to abide by the terms of the Helsinki Final Act is incompatible with its system? To insist that respect for human rights and fundamental freedoms be maintained is our right under the act; indeed, it is our duty if we are to take the Helsinki Final Act seriously.

I speak for the American people when I say we want the peoples governed by the Soviet Union to become the great contributors to civilization that they aspire to be. We look to the day when their government can unlock the genius of its peoples—great peoples with profound cultures and proud histories. We pray that the government will gain the self-confidence and the moral courage to advance human rights rather than suppress them because that is the key to the genius and greatness of any people.

The transgressions of the Final Act here cited, all of them applying to the short period since our last recess, are raised to underscore a point essential to the success of the Madrid meeting. Events outside our conference cloud the possibility of significant achievements here. Their improvement will be reflected in an improved spirit here.

The Tasks Ahead

The U.S. delegation will return in October with determination to fulfill its responsibilities under the Helsinki Final Act. We join nearly all of the delegations here in our determination to bring this meeting to a close with positive, substantial and balanced results. What we need to accomplish this objective is a reciprocal commitment. We need a demonstration that the Soviet Union intends to abide by the provisions of the Final Act. Our peoples have every right to ask what good it does to talk about new promises when the old ones are not kept.

The delegation of the United States will persevere in our efforts here for peace, security, and understanding and for the building of the CSCE process. What we have already done in a long 10 months in Madrid is inadequate, but it can provide a good basis on which we can build.

It is our view that the best way to build is by:

- Finding language which makes unmistakable reference to the important role that Helsinki monitors can play;
- Agreeing to discuss our problems in the human rights area and human contacts in a serious, thoughtful, and constructive spirit at post-Madrid experts' meetings;
- Putting specific content into the Final Act language on freedom of religion;
- Reaching consensus on a strong information text. It is the unique gift of thought which distinguishes man from the animal world. The right to hear facts and ideas through, among other things, the unimpeded dissemination of broadcast information is an integral part of that thought process, as is clear protection for professional journalists, a vital channel through which facts and ideas are communicated; and
- Agreeing on a final document which sets an early date for the next follow-up meeting. In the very first days of the Madrid meeting last September, I urged that the best way to show commitment to the Helsinki process was to agree at the very outset that we would have another follow-up meeting at a reasonable time following the close of this one. For more than 10 months, the Soviet Union has refused to join us in this commitment.

These objectives can be met in the 8 weeks that remain to us. Indeed, they could have been met in these last few weeks if our offer to negotiate on the issues I have just listed had been accepted.

As we look ahead to our reconvened session, it is important to take care that the length of this meeting does not distort its original and intended balance. This would not be healthy for the Helsinki process. We must not turn the CSCE into a military forum or our meeting into a preparatory one for a military conference. Thus, when we return, our delegation intends to assure an equitable balance by continuing to press for our human rights proposals; and we will continue to refer to implementation issues as events require. We cannot treat this meeting as if it were an ivory tower, above the clouds which darken the world.

Finally, let us face the fact that the next session is, in all likelihood, our last chance for a substantial concluding document. We note here the realism of the Swiss delegate last Friday. To proceed beyond December without agreement may well risk scorn for the CSCE process. It is too early to contemplate such a disappointing result. But we have less time than we think. Facing reality early may help us to mobilize ourselves for the more positive results we seek.

No delegation represented here will negotiate more seriously in the 8 weeks left to us than the U.S. delegation. We Americans return home today determined to continue to do our part to make the full contribution that the CSCE process and the aims of security and cooperation require of all of us. I know that in this we are joined by many. We pray that we will be joined by all.■

20th Anniversary of the Berlin Wall

Between 1946 and 1961, more than 4 million people fled from East Berlin to the West. Since the construction of the wall in August 1961, the number of refugees has been reduced to a trickle. The Berlin Wall (shown here) is being constantly reinforced by East German authorities.

August 13, 1981, marks the 20th anniversary of the construction of the Berlin Wall. During the past two decades, this ugly barrier has provided a constant reminder of the tragic division of the German nation and the European Continent. It has provided poignant evidence of the painful human divisions brought about by Soviet hegemony in Eastern Europe and the German Democratic Republic. It has also been dramatic proof of the inability of Communist systems throughout Europe to gain the allegiance of their peoples.

For more than 30 years, the situation in Berlin has drawn the attention of free men everywhere. Construction of the Berlin Wall in August 1961 followed the unprecedented exodus of more than 2 million East Germans fleeing from political oppression. In that same year, the determined people of West Berlin demonstrated anew the spirit that has enabled them to maintain the freedom of the Western Sectors 110 miles inside Communist territory. This determination has continued unabated during the past 20 years. Today, as in the past, West Berlin remains a vibrant, prosperous city. The variety of its economic, political, and cultural achievements stands in stark contrast to the controlled monotone of the East.

The United States is honored to maintain with the British and French allies the responsibility for defense of freedom in the Western Sectors of Berlin. It also views its commitment to maintenance of Four Power rights and responsibilities for all of Berlin as one of the cornerstones of the American presence in Europe. In times of crisis, the United States has demonstrated its determination to help preserve the democratic system in West Berlin, with military means if necessary. When compromise appeared possible, the United States took the lead in seeking pragmatic solutions to the problems which plagued the divided city. The Quadripartite Agreement of September 3, 1971, is a prime example of the type of understandings which can be reached between East and West if the Western nations demonstrate clearly their intention of seeking practical and beneficial solutions without abandoning their readiness to defend their interests when necessary.

The United States remains committed to seeking practical solutions to problems which cause tensions in and around Berlin. It views seriously the commitments contained in the Quadripartite Agreement, including the reaffirmation of quadripartite rights and responsibilities for Berlin and Germany as a whole. This means that these joint rights and responsibilities apply to all sectors of Berlin, including East Berlin.

At the same time, the United States views this 20th anniversary of the tragic division of Berlin through the Berlin Wall as an occasion to reaffirm its commitment to the freedom of the human spirit which has refused to die in Berlin. The continued need of the East German regime to maintain the Berlin Wall is proof that Berliners in both East and West have not abandoned their ties to each other. They have not lost their attachment to one of the most basic of human desires—the desire to be allowed to live one's life as one chooses without undue interference from the state. At a time when the complexity of problems facing the world is severely taxing the abilities of societies everywhere, the example provided by Berliners, despite the ugly East German Wall, demonstrates anew the flexibility, adaptability, and basic human appeal of a free, pluralistic way of life.

Press release 276 of Aug. 12, 1981.■

best illustrated by our program for the Caribbean basin in which we are asking regional states to join us in a social-economic program that deals with the root causes of internal instability.

As the Department of State is responsible for U.S. arms transfer and security assistance policies, the linkage of foreign and defense policies in this area is particularly important to me. Cap Weinberger and I regard U.S. defense expenditures in combination with arms transfers and security assistance as an integrated strategic program to strengthen U.S. and friendly military capabilities and defend our interests around the world. Arms transfers and security assistance also lend credibility to U.S. foreign policy efforts to revitalize our alliances and other strategic relationships. They also support secure and stable environments in the developing world.

As in the other areas of the military balance, it is worth noting that the Soviet Union spent $16 billion in 1980 for arms to the developing world; the United States transferred only $10 billion in equipment. Soviet arms shipments to Cuba provide a dramatic illustration of this global phenomenon. Soviet military deliveries to Cuba have increased sharply this year. They reached near record levels during the second quarter of 1981. The total for the first 7 months of the year is more than twice the volume in all of 1980; even with moderate additions over the rest of the year, this will lead to a 1981 total higher than any yearly figure since 1962. While most of the tonnage is believed to be earmarked for Cuba's regular Armed Forces and its newly created territorial militia, there is solid evidence that some of the goods are being reshipped to Central America.

As you know, the President recently announced this Administration's conventional arms transfer policy. Arms transfers are a logical extension of our national defense effort. They allow friends and allies to defend not only their own but also common interests. It is essential in important strategic areas that we maximize indigenous capabilities to deter local and regional violence while pressing ahead in parallel with our own efforts to counter threats which clearly require U.S. involvement. A coherent, forthcoming, measured response to local and regional military equipment requirements, coupled with steadfast adherence to our treaty commitments, will reassure our friends and allies that they can rely on us.

One important element of our arms transfer policy is the establishment of a special defense acquisition fund. The Administration is requesting authorization of such a fund in the international development and security cooperation bill currently before the Congress. The fund would procure long leadtime and other important military equipment in anticipation of foreign military sales. It would enable us to respond rapidly to equipment requests from allies and other strategic friends without diversions from the U.S. military. It would also aid in expanding the defense industrial base for mobilization contingencies. Our recent efforts at putting together an equipment package to offer for near-term delivery to Pakistan in support of our evolving bilateral security relationship vividly demonstrated the need for such a fund.

Because many important recipients are unable to purchase major weapons systems with their own resources or otherwise to provide fully for their defense, an expanded security assistance budget is an essential part of the arms transfer effort. Security assistance offers political, financial, and military backing to our strategic approach in the same way the defense budget does. In a number of cases, it is the most efficient way to defend U.S. interests in a particular area; in some cases, it is the only way.

The current state of affairs in the Congress regarding security assistance is alarming. If the foreign aid budget does not pass, it will be the third year in a row in which we will have operated from a continuing resolution. This short-sighted approach to security assistance cripples our foreign policy and places U.S. credibility on the line. I must state in all candor that we are liable to serious consequences if we do not remedy this depressing situation in FY 1982.

Arms Control

Finally, I would like to touch on arms control and its relationship with foreign and defense policy. As you know, the search for sound arms control agreements is essential to our efforts to achieve and maintain peace. Sound agreements will require the careful integration of foreign and defense concerns. In discussing this issue with the Foreign Policy Association 2 weeks ago, I set forth six principles that are the core of President Reagan's approach.

- Arms control efforts will be an instrument of, not a replacement for, a coherent national and allied security policy.
- We will seek agreements that truly enhance security.
- We will pursue arms control bearing in mind the whole context of Soviet relations.
- We will seek balanced agreements.
- We will seek controls that include effective means of verification and mechanisms for securing compliance.
- We will pursue arms control by considering the totality of the various arms control processes and the various weapons systems and not just those agreements and weapons systems being specifically negotiated.

Let there be no misunderstanding: We intend to maintain the arms control process and to conclude agreements from a position of secure and confident military power. Arms control agreements are not a substitute for military capabilities. Only a strong and balanced military force will provide sufficient incentive for the Soviets to negotiate meaningful agreements.

Only a strong and balanced military force will provide sufficient incentive for the Soviets to negotiate meaningful agreements.

Conclusion

I have attempted to outline a clear and coherent vision of our foreign policy goals and a strong view on the need to integrate foreign and defense policies in a strategic approach to international relations. Cap Weinberger and I are coordinating the efforts of our two departments on a regular basis. We share an understanding of the threats to our nation and the importance of integrating foreign and defense policies. The State Department supports the expansion of our defense capabilities as an essential ingredient of a strategic approach. State and Defense together support an expanded security assistance budget. We recognize the challenge posed by the need to coordinate foreign, defense, and economic policies into a coherent whole. Your understanding and support will be crucial to our effort.

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[1] Press release 258. ■

International Trade

Secretary Haig's statement before the Subcommittee on International Trade of the Senate Finance Committee on July 28, 1981.[1]

Let me thank you for this opportunity to discuss key elements of the Administration's approach to international trade and the part it plays in U.S. foreign policy. International economic developments are of central concern to the State Department and every Secretary of State must devote a great deal of time and attention to them. I am, therefore, particularly grateful for your invitation to testify on our international economic policy before this committee.

President Reagan has recognized that a strong American economy is the cornerstone of our national security. The strength we seek depends first and foremost on the success of the President's economic recovery program. A prosperous, well-functioning world trading system will make an important contribution to that success.

The Administration's approach to trade is shaped by the recognition that trade is an increasingly powerful source of innovation and growth for the American economy. We gain from access to the world's markets and the spur of international competition. Our producers and consumers benefit from access to foreign goods and raw materials. Trade clearly reinforces the President's domestic efforts to reduce inflation, to increase production, and to expand employment. In addition trade can contribute to mutually beneficial cooperation among nations. Healthy trade relations can strengthen friendships and alliances and can help integrate countries into the market-oriented trading system which has served us so well.

U.S. Trade Policy

Our current trade policy has its roots in historical experience. Following World War II the major industrial nations recognized that the bilateral arrangements and protectionist policies pursued by many nations during the inter-war period had done severe harm to their economies, played havoc with the international economy, and contributed to the frictions and tensions which ultimately led to the outbreak of war. The United States and its partners, therefore, set out to create a new trading system based on fair trading rules, on nondiscrimination among trading partners, and on the commitment to reduce trade barriers, especially high tariffs.

That system is embodied in the General Agreement on Tariffs and Trade (GATT). Despite its imperfections and departures from certain of its principles, this system has brought enormous benefits to virtually every nation in the world and served American interests well. The dramatic growth in trade since the war has strengthened our own economy and that of our trading partners. U.S. exports grew from $10.8 billion in 1950 to $221 billion in 1980. This has meant millions of jobs for American farmers, workers, shippers, railroad workers, truckers, longshoremen, insurers, and bankers—all of whom have directly benefited. And, while we often face difficult problems with some of our developed-country trading partners, we would be considerably worse off if we had chosen a trading system based on more restrictive principles and rules. Such a system might well have brought prolonged economic weakness to our trading partners and, as a consequence, poor markets for our exports, economic instability in Europe, and reduced Western resources for defense. Inevitably, the United States would have had to bear a much larger defense burden.

Today, there are strains in the system. Competition among developed countries and with developing countries is more intense than it was years ago. And slower growth in many developed nations increases the difficulty of adjusting to rapid increases in imports. In the face of keener competition, many countries face enormous pressures to protect industries by restricting imports or supporting noncompetitive exports. They are tempted to work out bilateral trade arrangements which protect certain patterns of trade or limit trade. Investment practices are increasingly used as a means of forcing increased procurement or increased exports. Barriers exist in services, where the United States is very competitve. Certain countries that benefit greatly from the trading system have failed to open their markets adequately, even while they take advantage of open markets in other countries.

Unless we resolve these problems and distortions, they will severely weaken the international trading system. Efforts to strengthen our domestic economy will be complicated, the world economy will be disrupted, and international cooperation among both the developed and developing nations will be threatened.

The Ottawa summit [July 19–21, 1981] provided a fresh impetus to address the problems and distortions in international trade. But this momentum must be sustained by firm leadership, not just by one or two nations but by the industrial and developing nations together.

The United States will play its part. President Reagan has committed this Administration to the support of an open trading system on the basis of agreed rules. At the same time, we have asked for similar undertakings from other countries. We were, therefore, pleased that we and our partners at Ottawa agreed to ". . . reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system. . . ." and to ". . . work together to strengthen this system in the interest of all trading countries. . . ." The meeting of the members of the GATT at ministerial level during 1982 and the study of the trade problems of the 1980s by the Organization for Economic Cooperation and Development (OECD) provide excellent opportunities to reduce and remove key trade distortions. Close consultation among ministers of the United States, European Community, and Japan can contribute significantly to the success of both efforts, as they did to the achievements of the Tokyo Round. For the sake of our own economy—which will benefit from genuinely open world trade—and of the world economy, we and our trading partners must take advantage of these opportunities.

Promoting U.S. Exports

Just as we will work toward maintaining and improving the world trading system to increase opportunities for U.S. exports and for mutually beneficial trade among all nations, so we will want to help our citizens to take advantage of these opportunities. Fundamental to our export prospects is a strong, competitive American economy. Without this, the best of intentions and the best of export and, subsequently, this week to report personally to the President. At that time, it will be necessary, following a Presidential decision, to conduct consultations with the appropriate committees and members on the Hill.

Q. But based on what you know so far, does it seem likely that we will deliver the F-16s, if not this Friday, in the short-term future?

A. In fairness to the President who has to make this decision, I think it would be premature to speculate. I've noted there has been quite a bit.

Q. Prime Minister Begin will rule now with a very slim majority. There are many who believe that he is being held hostage by very conservative groups that make up part of his government, groups that do not want to give up in any fashion any part of the West Bank, which is crucial to an overall Middle Eastern settlement in that part of the world. Does this make it, if not impossible, very, very difficult to carry out the full accords of Camp David?

A. First, with respect to the overall subject of the peace process, this has always been difficult. We are now on the verge of initialing the Sinai agreement, which will permit the return of the Sinai to Egypt. There have been expressions already from the Israeli Government—that government being formed—suggesting that they must get on with the autonomy talks. These are the two remaining aspects of the Camp David accords.

Beyond that, the longer term aspects of peace are, of course, very, very difficult, but I'm optimistic that with goodwill on both sides and a sense of urgency, which must be forthcoming, that there will be progress in the near future.

AUGUST 5, 1981[2]

Q. Egyptian President Anwar Sadat is in Washington today for meetings with President Reagan and Secretary of State Haig in an effort to get the Middle East peace talks started again. We have Secretary of State Haig in our Washington studios this morning.

The President is talking a great deal about an expanded role or some kind of a role for the Palestinians in any Middle East peace talks. Will you be able to offer him any encouragement that the United States will now reconsider its attitude toward a role for the Palestinians? We have always opposed that.

A. Our position on this is longstanding. The requirements for PLO [Palestine Liberation Organization] participation in the peace process are clear: acceptance of U.N. Resolutions 242 and 338 and recognition of the existence and right of Israel to exist. I don't see any changes in that set of requirements and I think they are known by all parties.

Q. Has Israel's recent attacks on the PLO strongholds in some Beirut civilian neighborhoods made it more difficult for the United States to defend our position against the Palestinians around the world, diplomatically?

A. I think any escalation of violence from whatever side exacerbates the efforts to communicate and to effect a moderation on the part of the parties. We, of course, now are enjoying the consequence of a consensus which is designed to hold that violence down and to cease such actions on either side of the Israeli border with Lebanon, and we are very encouraged by that, although the situation remains fragile.

Q. But something has to give on the Palestinian question, doesn't it, not only from the Palestinians but from the point of view of the Israeli Government?

A. I don't see that it necessarily requires give on both sides if the conditions are met which have been established, then obviously we are then in a new framework and that remains to be seen.

Q. So it is entirely up to the PLO to meet the U.N. resolutions and to recognize Israel's right to exist as a state.

A. I think that's very clear.

Q. Is there any chance that you'll try to arrange a summit meeting between President Sadat and Prime Minister Begin on this question of a role for the Palestinians alone?

A. I think it's much too early to speculate about such a possibility. We are now just entering into a new phase. We're going to have the opportunity in the next few days to hear President Sadat's views on how to proceed with the autonomy talks and other peacekeeping efforts. We will, in September, have Prime Minister Begin here in Washington where again the fundamental assessments of where we go from here can be finalized.

Q. You will also be talking about military aid between the United States and Egypt. Is there any chance that the United States will accept the offer that he has made several times in the past to establish a real American troop presence within Egypt which will be able to make a strike anywhere in the Persian Gulf area?

A. I don't anticipate that President Sadat or the United States is looking for a kind of permanent presence your question suggests. I think President Sadat has very generously offered facilities to American forces which would be moving in and through the area. These subjects will clearly be discussed during the President's visit here in the next 2 days.

Q. Do you think that's a good idea for the United States to have that kind of facility available to it there?

A. I think the access to facilities is crucially important in this period of the increasing danger and threat to our oil resources and, more importantly, to our overall strategic posture in the Middle East.

Q. May I ask you about the situation in Poland which seems to be deteriorating in terms of—once again—its relation with the Soviet Union. The Soviets today accused Solidarity of creating anarchy in Poland. The streets are jammed in Poland once again with trucks and demonstrators of one kind or another. What happens? Is there any new U.S. position if the Soviet Union begins to make some kind of a move or put additional pressure on Poland?

A. It's true that the situation is growing increasingly tense due to food shortages, improper distribution of commodities within the society, and mounting and tremendously complex fiscal problems. It is our hope and continues to be American policy that these are matters to be determined by the Polish people without external intervention in their internal affairs. And this policy is longstanding. It is shared with our allies in Western Europe, and the consequences of a violation of those conditions would clearly have profound and lasting impact on East-West relations at large.

Q. What is your judgment on the

next step on the part of the Soviet Union, however, based on the intelligence that you have available to you now?

A. We are still watching the situation very carefully. There's no sign of particularly worrisome increases in troop levels of the kind we witnessed on two earlier occasions, but the situation could change and, therefore, requires the most careful overview.

Q. Right after the Ottawa summit, West German Chancellor Schmidt went back to his country and almost instantly lowered the percentage of the budget that's being spent on defense matters in West Germany. Did that surprise you?

A. Clearly, the United States is hoping for increasing contributions of the 3% level by all of our participating NATO nations and if one or another finds it unable to meet these obligations and commitments, we, of course, regret it very much. I think it's too early to say yet in the German case.

Q. [Inaudible.]

A. Not at all. I think there have been many very good friends of America who have been proposing the kinds of communications that President Sadat outlined yesterday in London—for a long period, and they have not prevented the kind of cooperation that we have had with President Sadat in the past and they won't in the future. I think it's clear to all Americans that President Sadat is a man of peace and an unusual international figure who has done so much in the past. I am confident he will continue in the future to bring a constructive outcome of events in the Middle East.

Q. What would happen if the PLO were to say suddenly: "Alright, we recognize Israel's right to exist." What do you think the reaction of Prime Minister Begin would be? Great suspicion?

A. I think that's up to Prime Minister Begin, but I think the conditions have long since been established by the Government of Israel and if they were met, I would anticipate there would be a constructive response.

Q. Are we going to sell the AWACS [airborne warning and control system] airplanes to Saudi Arabia in the next 24 hours or so?

A. I think it may be a little longer than 24 hours, but we are and the President is determined to proceed with this sale. We think it is the right thing to do both in terms of Middle Eastern strategic objectives of the United States, the need of the Saudi Arabian Government's own defense requirements, and in the long-term, it will meet Israel's interests as well.

Q. Let me ask you about our general overall policy in the Middle East. Earlier this year you were talking about, and your people were talking about, a kind of strategic consensus there in an effort to keep the Soviet Union from staking out too large a role in the Middle East. It now seems to outsiders, at least, where it has come down to this role for the Palestinians—that we have had to focus on a much smaller point than you might have liked to have. Is that a fair assessment?

A. No, not at all. This is not the case. You know, when we spoke of a strategic consensus, we were speaking of an already evident reality. It's been that reality—the coordination between the Arab League states, Saudi Arabia, Kuwait, Syria, and the Government of Lebanon—that have brought the progress that we are enjoying today along with, of course, appropriate Israeli cooperation. There is, indeed, a changing strategic environment in the Middle East which is an historic reality and not the creation of U.S. policy. What we have to do as Americans is recognize this change and use it to reinforce the peace process while also reinforcing our protective policies against Soviet encroachment in the area.

Q. Could you give us your assessment of the new cabinet of Prime Minister Begin, which appears to be very conservative and hard-line and maybe even less flexible than his old government had been?

A. It would be highly inappropriate for me to offer value judgments on internal Israeli affairs, and I won't do it this morning. What we are glad to see is a government formed with which we can deal, and we are anxious, of course, to get on with the peace process itself.

Q. Back to this matter of a kind of dramatic summit meeting between Prime Minister Begin and President Sadat sponsored by the United States, give us your bottom line assessment of the chances of that happening in the next 9 months or so.

A. I think you know that President Reagan's longstanding stated policy with respect to summitry is that we know where we are going to come out before we go in, and that the summitry itself which raises such hopes and expectations will, in fact, produce progress, and that's still not clear.

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[1] Press release 232.

[2] Press release 262. ■

Interview on ABC's "Nightline"

While at the economic summit in Ottawa, Secretary Haig announced that the President had decided to defer shipment of F-16 aircraft to Israel.[1] *Following is an interview with the Secretary on July 20, 1981, by Ted Koppel of ABC News.*[2]

Q. You sat there very patiently and listened to [Sam] Donaldson, [Barrie] Dunsmore, and Koppel give their analysis of why the delay. How about giving us yours?

A. I think the situation is very clear to any observer. We have had an escalating cycle of violence in the Middle East, primarily in Lebanon, and in such an atmosphere it would be highly inappropriate for us to send such lethal weapons to Israel. The President, therefore, decided to defer that shipment, to continue the review which has been underway with respect to the first 4 aircraft, and now to include all F-16s, the four and six that were scheduled to leave early this morning.

Q. How do you avoid this kind of delay being interpreted generally throughout the world as a slap on the wrist of the Israelis?

A. I think anyone would read in what he cares to read in. The simple facts are that it would have been inappropriate in this tense situation, with violence escalating, with high casualties—especially of the tragic kind—noncombatants on both sides of the border, creating a situation where it just wouldn't make good sense to send these aircraft on.

significant, and verifiable terms, we made our proposal.

This is not an American proposal. It is a Western proposal, with the full support of all Western delegations here. At the Ottawa summit meeting last week, our proposal was characterized by President Reagan and those other heads of CSCE participating states there as a major Western initiative. They called on the Soviet Union to accept it and thus bring our meeting to a constructive ending, thereby substantially reducing tension in Europe.

A number of delegates here, not authors with us of the proposal, told us it was a proper response and represented forward movement. We tabled that proposal formally 8 days ago in the appropriate forum.

The other objective of our package proposal was to satisfy the concept of balance by a listing of the important categories not yet agreed upon in the areas of human rights, human contacts, and information. The package, we said and still believe, would provide a balanced document that should be acceptable to all 35 participants.

Our proposal was, furthermore, accompanied by a stated willingness on our part to meet at any time, including over the weekend, to negotiate and define that vital human ingredient for our final document.

Finally, we made it clear in private discussions with many delegations here that if there were no agreement on a military conference, we would be ready to consider the convening of an experts meeting as proposed by some delegations with the responsibility of making intensive efforts to agree on a mandate for a conference and thus move our process forward.

Regrettably, our package initiative was quickly dismissed as unacceptable; that rejection was obviously the right of those who responded.

Regrettably, our offer to meet over the weekend to negotiate on the human rights and related issues was not taken up; that, too, was the right of those to whom we made the suggestion.

Regrettably, our language, designed to bring us together toward a conference on disarmament in Europe, not only was rejected but was met with the introduction of a completely new proposed formula far from the basis of our previous discussions and obviously unacceptable to most of us here. It led many of us, in all candor, to ask ourselves whether those who proposed it really want a conference on disarmament in Europe; here, too, those who proposed the formula had the right to do so.

And regrettably, our willingness to consider an experts meeting met with a decidedly negative attitude on the part of the other side; that, too, was, of course, their right.

But we also have a right. It is the right to state our own views as clearly as we can; and a right to evaluate this meeting in the light of those rejections.

We will continue to advance our language on the mandate. We believe it represents the most promising road to agreement on a conference on disarmament in Europe. We hope that those who rejected it will reconsider their position. But even if they do not, they should know that our position was not put forward as a negotiating position. Our views are firmly held and represent our security interests. They will not change. Our position will be the same in December as it is today, because it is a reasonable and responsible position. It opens the way to the progress that would advance genuine security for all of us. It does not damage the security interests of any other state.

Negative International Atmosphere

As I have suggested, a major reason why we have not reached agreement here in Madrid is the international atmosphere outside our conference hall. The invasion of Afghanistan and the continued occupation of that tragic country by Soviet troops have had a corrosive effect on our meetings. Recently, as the delegate of the United Kingdom noted on Friday, the European Community presented an imaginative plan for a political settlement of the crisis in Afghanistan. The Soviet Union has not responded to it positively. That, too, has its negative effect here.

Moreover, the Soviet Union is continuing its military buildup, which intensified while my country, in the spirit of "detente," took significant disarmament steps. That buildup, as I noted in this hall several weeks ago, is the most massive that the world has ever known. On behalf of my government, I state with deep conviction that it must end. Continued military escalation and activity by the Soviet Union will not attain the security or respect they seek. It may instill fear in some, but it instills determination in many more. Military power, no matter how great, does not confer moral legitimacy.

There has been much debate at our meeting over the word I just used, "detente." The word is meant to describe a condition of relaxation of tension between states. I submit again that the Soviet Union's actions and attitudes toward its neighbors and its massive military buildup demonstrate to us that such a condition does not exist today. If a general pattern of aggression and intimidation can be referred to as "detente," then surely the continued use of the word is bereft of any significance. That is why our delegation has been reluctant to use it in our final document. We will not permit its use as an attempt to camouflage a policy of force.

Repression of Human Rights

Within the Soviet Union, the repression of human rights continues with cruel relentlessness. Even if we look only at what has happened since April 10, when the last recess of our meeting began, we see that specific Soviet transgressions of the Final Act have increased in numbers and intensity.

Here in Madrid, we have had some movement in strengthening written commitments to reduce barriers to the reunification of families. But that movement on paper has not been reflected in the practice of Soviet authorities. Emigration figures for Armenians and for ethnic Germans who want to rejoin their families have dropped substantially. The number of Jews allowed to emigrate is dropping at an even greater rate. In the first 6 months of 1979, 24,794 Jews left the Soviet Union; in the first 6 months of this year only 6,668 left—a decline of 73% in only 2 years.

For those Jews remaining, conditions have continued to deteriorate. We and other delegations have already noted with deep regret and condemnation the sentencing on June 18 of Viktor Brailovsky. New arrests have taken place. My files are filled with names and letters reflecting individual human tragedy inflicted by an insensitive bureaucracy.

Here in Madrid, we have had difficulty in negotiating a text on religious freedom, in large part because of an insistence on a variety of loopholes which would enable real commitments to be evaded. One of the loopholes is that our commitments are to be qualified by the "national traditions" of participating states. Let us look at what that phrase "national traditions" might mean.

June 27, exactly a month ago, marked the third anniversary of the day two devout Pentecostal families from far Siberia sought refuge in the American Embassy in Moscow. This desperate action by the Vashchenko and Chmykhailov families culminated 20

Economics—Part 2

The U.S. role in world trade and investment is illustrated in the following maps and charts. The current U.S. trade and investment position is compared with a previous period or year. The comparative date for U.S. investment abroad is 1960. By this time Japan and Western Europe had rebuilt their war-damaged economies, and many developing countries were about to enter a period of sustained economic growth. Also, in 1960 the United States, Canada, and countries of Western Europe (later joined by Japan, Australia, and New Zealand) created the Organization for Economic Cooperation and Development (OECD) to consult more closely on economic problems.

For trade the comparative date is usually 1967. This corresponds to the end of the Kennedy Round—the sixth postwar round of multilateral trade negotiations held under the General Agreement on Tariffs and Trade. In this round, the United States, the European Economic Community, Japan, and other major trading powers agreed to deep cuts in their tariffs on manufactured goods.

The presentations on trade are limited to trade in merchandise, excluding services such as banking, insurance, and shipping. The maps on investment deal only with private direct investment, which refers to the purchase of a substantial interest in real estate or a business, often implying managerial control. Although developing countries are divided on the issue of foreign investment, OECD countries generally permit foreigners to invest in most fields as freely as a nation's own citizens.

This section generally follows the geographical divisions used by the Department of Commerce. Western Europe includes Yugoslavia; U.S.S.R. and Eastern Europe comprises European full members of the Soviet-bloc Council for Mutual Economic Assistance plus Albania; Asia includes the People's Republic of China but not Japan (treated separately as the region's only developed market economy); Africa excludes South Africa (the only developed market economy on that continent). Oceania, however, includes Australia and New Zealand as well as the very small developing economies of the region. To avoid distortions in trade data concerning developing market economies, members of the Organization of Petroleum Exporting Countries (OPEC) are often treated as a unit.

This atlas is compiled and written in the Bureau of Public Affairs by Harry F. Young and edited by Colleen Sussman.

U.S. Agricultural Export Markets, 1961-65 and 1977-79

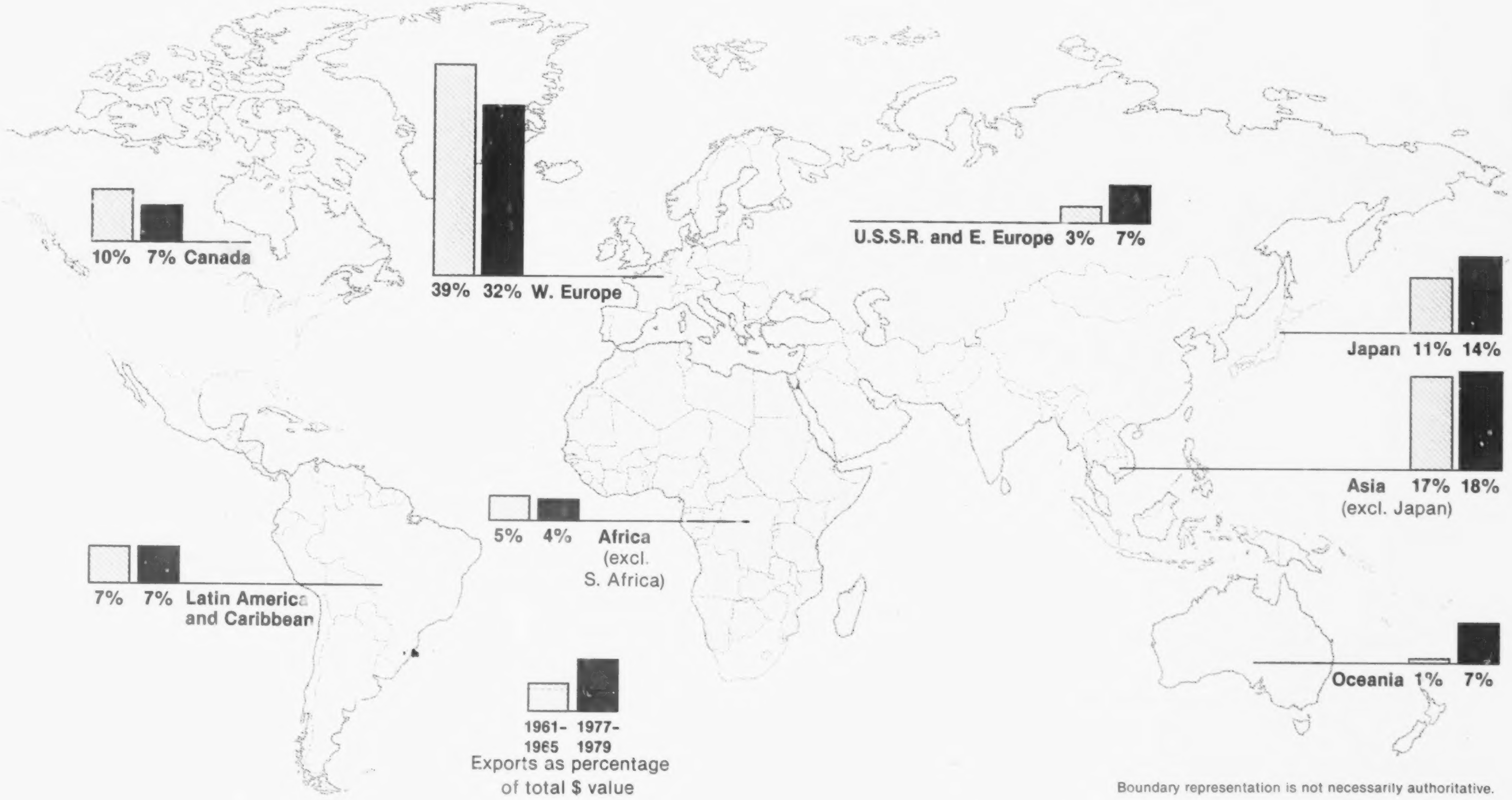
The United States is the world's largest exporter of agricultural products, accounting for about 18% of the world total in 1979. For the past 25 years, between 20% and 25% of the annual U.S. agricultural product has been sold abroad. The chief farm products exported in 1979, in order of importance, were feed grains, soybeans, wheat, cotton, and tobacco.

Japan has been the largest individual purchaser of U.S. farm products for many years. Other major purchasers are the Netherlands, Canada, West Germany, United Kingdom, South Korea, and (since 1976) the U.S.S.R. Western Europe as a whole now takes a smaller share of U.S. agricultural exports than in the early 1960s.

Source: U.S. Department of Agriculture, *Agricultural Statistics*, 1968 and 1980

U.S. Agricultural Exports, 1980
$ billions

TOTAL	41.0
Western Europe	11.6
Netherlands (1979)	1.8
West Germany	1.8
United Kingdom	.9
Japan	6.1
Latin America and Caribbean	6.1
Asia (excl. Japan, China)	2.5
U.S.S.R. and Eastern Europe	2.2
U.S.S.R.	1
China	2.2
Africa (excl. South Africa)	2.2
Canada	1.9
Other	6.2


10% 7% Canada
39% 32% W. Europe
U.S.S.R. and E. Europe 3% 7%
Japan 11% 14%
Asia (excl. Japan) 17% 18%
7% 7% Latin America and Caribbean
5% 4% Africa (excl. S. Africa)
Oceania 1% 7%
1961-1965
1977-1979
Exports as percentage of total $ value

Boundary representation is not necessarily authoritative.

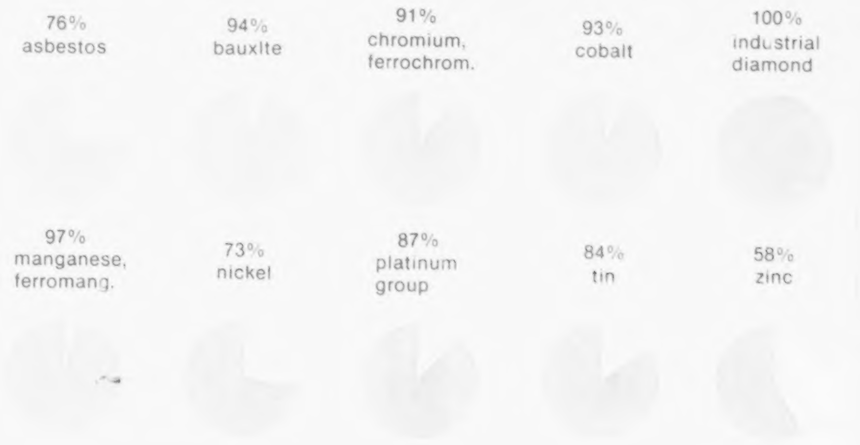
Sources of U.S. Nonfuel Mineral Imports, 1980

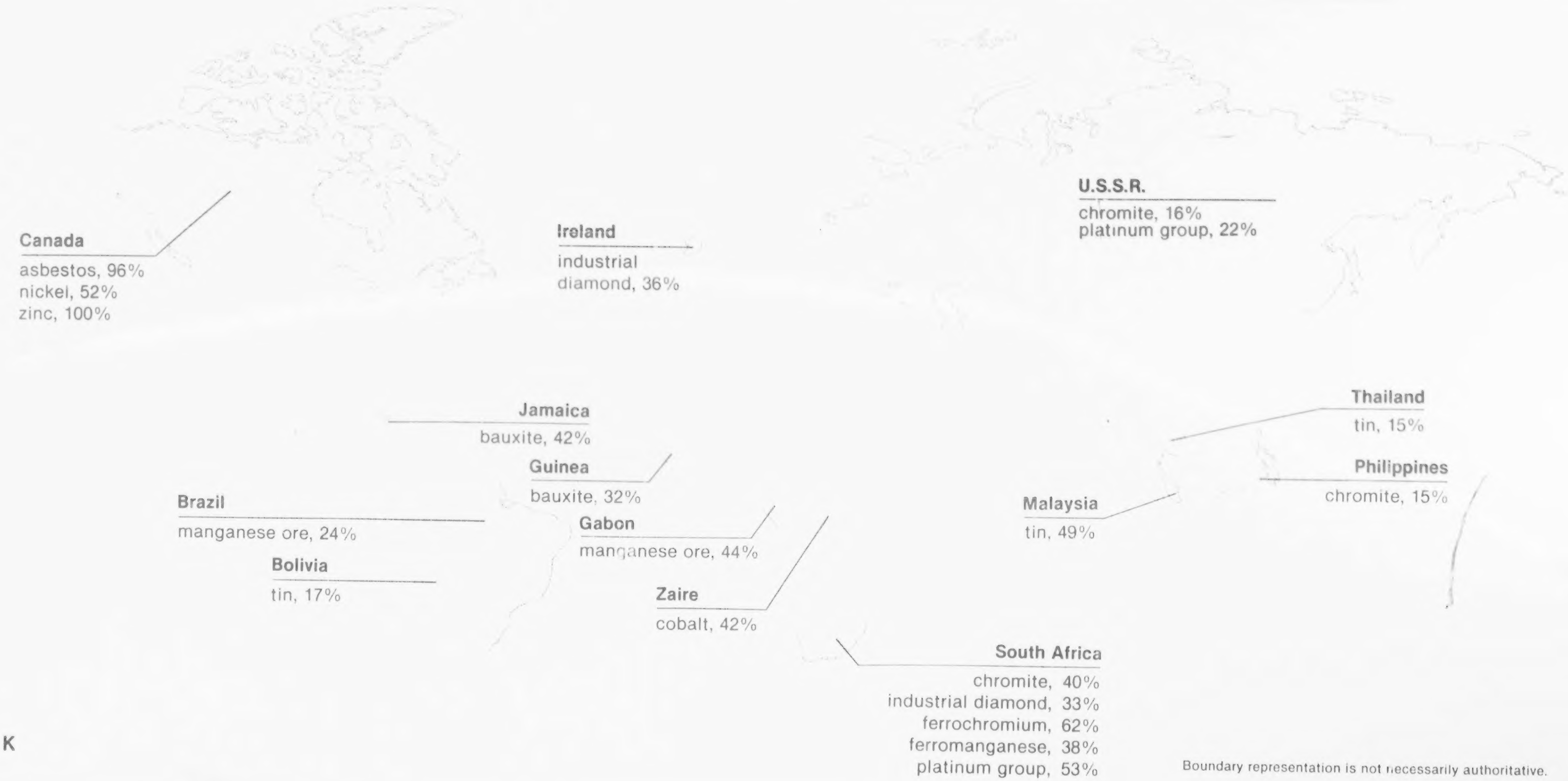
Most industrial countries must import some nonfuel minerals. Although domestic sources account for a large part of minerals used in the U.S., the United States relies on foreign sources to meet some or all of its needs for more than 20 of the 80 strategic and critical minerals included in the national defense stockpiles. Western Europe is more dependent on imports than the United States, and Japan is almost wholly dependent on foreign mineral sources. The U.S.S.R., on the other hand, is relatively self-sufficient in minerals.

The map shows the sources of 10 nonfuel minerals of which imports accounted for more than 50% of U.S. consumption in 1980. Map percentages are the principal suppliers' share of the amount imported for each mineral for 1976–79.

Source: U.S. Bureau of Mines, *Mineral Commodity Summaries*, 1981, and other bureau data.

Mineral Imports, 1980 (as percentage of U.S. Consumption)




Canada
asbestos, 96%
nickel, 52%
zinc, 100%
Ireland
industrial
diamond, 36%
U.S.S.R.
chromite, 16%
platinum group, 22%
Jamaica
bauxite, 42%
Guinea
bauxite, 32%
Brazil
manganese ore, 24%
Bolivia
tin, 17%
Gabon
manganese ore, 44%
Zaire
cobalt, 42%
South Africa
chromite, 40%
industrial diamond, 33%
ferrochromium, 62%
ferromanganese, 38%
platinum group, 53%
Malaysia
tin, 49%
Thailand
tin, 15%
Philippines
chromite, 15%

Boundary representation is not necessarily authoritative.

U.S. Commitment to Human Rights

by Walter J. Stoessel, Jr.

Statement before the Subcommittee on Human Rights and International Organizations of the House Foreign Affairs Committee on July 14, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.[1]

Under this Administration, the protection and enhancement of human rights is a principal goal of our foreign policy. Indeed, it shapes the fundamental purposes and helps define the context of our international relationships. This commitment to human rights, like our entire foreign policy, is an expression of values deeply held by the American people themselves. In the debate over how best to pursue human rights, we should not lose sight of the broad consensus that exists about most human rights issues. It is recognized the world over that America, as a nation, is in the forefront in the struggle to advance human rights. Americans object to violations of human rights wherever they occur. We believe that human rights practices are an important factor in our relations with other countries, and we Americans believe that when things are wrong, they should be set right—that is our duty to help. Our law and our policy reflect these deep feelings and draw strength and inspiration from them.

As the spokesman for the American people, this Administration opposes the violation of human rights whether by ally or adversary, friend or foe. Ours is not a policy of "selective indignation." Rather, it is one of balanced and evenhanded condemnation of human rights violations wherever they occur. Secretary Haig has outlined the main tenets of this Administration's foreign policy:

- Our emphasis on defending U.S. national security;
- Our determination to work closely with our allies and friends and to strengthen our alliances;
- Our dedication to improving our relations with developing countries; and
- The President's economic program which is transforming and revitalizing the nation's economy and providing the material basis for a sound foreign policy.

Our commitment to human rights is fundamental. It is an integral element of this Administration's foreign policy, which must be considered along with—not against—these other factors in making particular foreign policy decisions. Just as the consideration of human rights should not be a mere afterthought in the foreign policy process, neither should it be isolated and pursued as if it were the only goal in our relations with other countries. We believe that human rights are not only compatible with our national interest; they are an indispensable element of the American approach—at home and abroad. Our objective is to make our security interests and our human rights concerns mutually reinforcing so that they can be pursued in tandem.

U.S. human rights policy also should be directed toward attaining real results. It should utilize the approaches most likely to attain a real improvement in human rights. It should be effective. This has usually been the American approach, one of effective pragmatism. In pursuing this course, we recognize that the countries of the world vary tremendously in political, economic, and cultural terms, representing a diverse inheritance of historical traditions and contemporary circumstances. We need, in the 1980s, the sophistication to apply our instruments of influence in ways that correspond to—and respect—the complex international system, while working to move all countries to show greater respect for the internationally agreed standards of human rights. Our task is to translate these agreements into reality.

The United States has a number of instruments with which we can—and will—promote human rights. If the United States is to show leadership in the cause of human rights, we must lead in the first instance by our own example. This is a precondition for success. We need to be an example to other nations—both of strength and prosperity—and of our vibrant democratic institutions, for we cannot call on others to meet high human rights standards unless we do so ourselves. President Reagan has captured this concept clearly in speaking of the United States as a city upon a hill. We have much to be proud of in this regard.

We must match our commitment to principle with strong political resolve. Our influence on human rights can extend only as far as our reputation for reliability to friends and allies and the respect we generate from our adversaries. This Administration will meet these preconditions for a successful human rights policy.

We believe that the use of traditional diplomacy is generally more effective than other approaches and is more likely to lead to results. Traditional diplomacy has always combined public and private aspects but with greater reliance on private approaches because of their flexibility and precision and because they avoid injury to the dignity of sovereign states. If we want other governments to curb human rights abuses in their countries we should speak to them privately first and in ways which do not threaten them with public loss of face, which often leads only to obstinacy. We should speak to them, where possible, in the framework of friendly relations grounded in trust and reciprocity.

In a large number of countries in all areas of the world we are undertaking vigorous diplomatic interventions, both to remind governments of our continued concern about general human rights conditions and to seek relief for particular victims. We have done the latter with governments whose relationships with us are very diverse. But in pursuing this diplomacy, it is particularly important to avoid any attitude that seems patronizing or arrogant.

While private diplomacy will be the preferred approach of this Adminstration, it is, of course, vital not to forget that public expressions of concern can also be a useful instrument of human rights policy. We will continue to use this instrument where it is needed. As one example, the Administration was pleased to be able recently to contribute $1.5 million to the International Committee of the Red Cross (ICRC) in support of its program for protecting and assisting political detainees in many countries. This was the first U.S. contribution, in response to an appeal which ICRC made in early 1980. The program is a valuable means of providing support to political prisoners through neutral channels and also is consonant with the Administration's intention to heighten international consciousness of human rights problems.

We will never be in the position of seeming, through silence, to renounce what America stands for. But in using diplomacy to raise the world's consciousness of human rights, we will avoid unproductive posturing that could complicate real progress.

Two current examples of our public human rights diplomacy are the Administration's approach to the Conference on Security and Cooperation in Europe (CSCE) and the 37th session of the U.N. Human Rights Commission.

- At Madrid the U.S. delegation has eloquently upheld the banner of human rights, while throwing full light on violations by the Soviet Union and some East European states, and pressing hard for positive steps which will assist in the protection of human rights.
- At the U.N. Human Rights Commission meeting, which opened barely 2 weeks after the inauguration, we emphasized the continued U.S. interest in human rights. The major achievement was the commission's adoption of the Declaration on the Elimination of All Forms of Intolerance and Discrimination Based on Religion or Belief. Also noteworthy were the resolutions condeming Soviet activities in Afghanistan and human rights violations in Kampuchea.

In those instances where nothing else is or will be effective and where there remains a need to make our position unequivocally clear to preserve international standards, we will be prepared to deal with human rights violations with the various diplomatic and economic measures available to us.

Finally, to encourage a better world climate for human rights, we are attempting to strengthen adherence to international legal standards wherever possible. The international sense of what is permissible and impermissible can be highly beneficial to the suffering people around the world. We do not nurture this international sense of acceptable behavior if we respond weakly to outrages against our citizens and diplomats or fail to defend our rights. For this reason, we have declared we will not negotiate with hostage takers, and we have begun a serious program to counter international terrorism which perpetrates some of the cruelest violations of human rights.

In dealing with specific human rights problems, we will be applying a number of common sense criteria.

- We should act in ways that are most likely to improve actual human rights conditions. This is our most important principle.
- At the same time, we should consider the absolute as well as the relative human rights conditions. There can be cases where human rights violations are so extreme that even improved conditions should not make us change our attitude.
- Trends are important. Improvements—as well as deterioration in past performance—should be weighed carefully.
- In a few cases we must take a stand even if it will have no immediate effect. In a case like the Kampuchean genocide we must speak out simply to maintain our conception of decency and to preserve the shreds of international consensus on human rights standards.
- When we decide on an action promoting a right or remedying a violation, we must weigh the importance of the particular human rights involved. Torture and physical abuse are especially abhorrent. We also attach particular importance to promotion of political rights.
- We also realize that there are differences in the universality with which we can secure various rights. Some rights can easily be instituted everywhere, given good will; others require complex preconditions. It follows that we demand the first category more universally than the second. Some parts of the world have longer and deeper traditions of respect for human rights.

There is, of course, no general formula for how we weigh the criteria with one another in all parts of the world, and these criteria are only illustrative. Moreover, human rights considerations will be weighed with other foreign policy concerns. In short, we must decide human rights issues on a case-by-case basis, but in the light of American principles. We are developing our criteria in light of experience and welcome this opportunity to gain the wisdom of the committee on this subject.

To conclude, in making decisions on human rights policy we are likely to confront many dilemmas. We will face many difficult cases, and it will be hard to be sure that we have made the right decision; sometimes we may err, but, if we are guided by our principles and learn from our experience, we will refine our judgments as we proceed. We will move closer to our goal of serving human rights and our national interest, of living in a world that is both safer and more just.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Immigration Policy

PRESIDENT'S STATEMENT, JULY 30, 1981[1]

Our nation is a nation of immigrants. More than any other country, our strength comes from our own immigrant heritage and our capacity to welcome those from other lands. No free and prosperous nation can, by itself, accommodate all those who seek a better life or flee persecution. We must share this responsibility with other countries.

The bipartisan select commission which reported this spring concluded that the Cuban influx to Florida made the United States sharply aware of the need for more effective immigration policies, and the need for legislation to support those policies.

For these reasons, I asked the Attorney General last March to chair a Task Force on Immigration and Refugee Policy. We discussed the matter when President Lopez Portillo visited me last month, and we have carefully considered the views of our Mexican friends. In addition, the Attorney General has consulted with those concerned in Congress and in affected States and localities and with interested members of the public.

The Attorney General is undertaking administrative actions, and submitting to Congress, on behalf of the Administration, a legislative package based on eight principles. These principles are designed to preserve our tradition of accepting foreigners to our shores but to accept them in a controlled and orderly fashion.

- We shall continue America's tradition as a land that welcomes peoples from other countries. We shall also, with other countries, continue to share in the responsibility of welcoming and resettling those who flee oppression.
- At the same time, we must insure adequate legal authority to establish control over immigration: to enable us,

programs cannot fully succeed. As the President's program brings down our rate of inflation and stimulates our productivity, it will permit our firms to improve their international competitiveness.

Such efforts need effective government support. The U.S. Trade Representative, Bill Brock, has conveyed to this committee the Administration's strong attempts to reduce self-imposed export disincentives and to improve U.S. export promotion programs. I fully support the work of Ambassador Brock and of Secretaries Baldrige and Block [Secretary of Commerce Malcolm Baldrige, Secretary of Agriculture John R. Block] to increase exports. In May I sent a cable to our ambassadors abroad asking them personally to take the lead at their posts and to deploy their entire country teams—not just economic and commercial officers—in this effort. And as a major part of this program, I have also emphasized to our ambassadors the importance I attach to increasing U.S. agricultural exports. I expect them to play an enthusiastic role in supporting such exports.

The State Department also supports the very vigorous efforts being made by the Department of Commerce and the office of the U.S. Trade Representative to insure that other countries live up to the spirit and the letter of the Tokyo Round agreements. Other countries expect us to do the same. And you can be sure that our trade negotiators will bargain hard to reduce impediments to U.S. exports.

Trade with Developing Countries

Let me now address the specific issues related to trade with the developing nations. Trade between the United States and the developing countries has grown rapidly over the last decade. U.S. exports to these countries have grown from $10.8 billion in 1970 to $82 billion in 1980. The developing countries taken together are now a larger export market for U.S. goods than Japan and the European Community combined, accounting for 37% of our exports. These countries have also become formidable competitors in our markets. Some have accepted multilateral trading rules; others have been reluctant to do so. Some have benefited enormously from an open trading system; others are so poor that they have very little to export.

U.S. exports to [the developing countries] have grown from $10.8 billion in 1970 to $82 billion in 1980.

Over the next decade, access of developing-country exports to developed-country markets is crucial for the growth that is fundamental to the economic and political stability of the developing world. For many of the developing countries, export earnings, combined with private investment, are far more important than official aid flows. And for the United States and other developed countries, open and flourishing markets in the developing world will be increasingly important to our own export performance and to the domestic economy.

Developed and developing countries will have to work more closely than ever in the GATT to address the problems of the trading system. We intend to maintain open markets for developing-country products, and we expect developing nations that have demonstrated international competitiveness to open their markets to our products. Together we need to insure access to our markets for the products of the poorer nations, to broaden developing-country participation in the GATT codes, and to address the distortions—such as those imposed by investment performance requirements—to international trade. An open trading system, based on common adherence to agreed rules, is an objective shared by developed and developing countries. We must work, in the context of the GATT, to attain it.

More specifically, we have devoted considerable attention over recent months to the Caribbean Basin. We see a special need to work with countries of the region to promote the well-being of its people. We have begun careful and thorough discussions with Canada, Mexico, and Venezuela, along with other interested countries, about the best approach to promote economic progress. We have also begun intensive consultations with the Congress, from which we welcome advice and suggestions.

Our overall aim is to create an action program for regional development. It is too early to define the final form of the program. Much will depend on our consultations with other countries and the Congress. Trade liberalization, domestic and foreign investment, aid, and actions by the Caribbean countries to stimulate their own growth and development are all potential components.

East-West Trade

The last area I would like to cover is East-West trade. Here the links between trade policy and foreign policy are clear. We are not dealing with free market forces, and we face many issues in which security and political principles must override commercial concerns. Our central objectives in this area are twofold. First, our trade relations, and our broader economic relations, must reinforce our efforts to counter the Soviet Union's military buildup and its irresponsible conduct in a number of areas of the world. While clearly we have commercial interests which must and will be taken into account, security concerns must remain paramount. Second, we must strengthen cooperation among friends and allies in this area. We cannot carry out an effective East-West economic policy unilaterally. We must take into account the complex interrelationships that exist among our allies and OECD partners and among the individual countries of the Warsaw Pact.

Over the last several months we have carefully reviewed our policy on East-West trade in the context of overall East-West relations. We did so because we wanted to be as precise and as clear as possible at the Ottawa summit about our concerns and about our proposals for addressing them. We did so not because we wished to impose any particular solutions on the countries represented there, but because we wanted to initiate a serious discussion of East-West trade relations at the highest level.

I would like to touch briefly on two major elements of our policy.

Strategic Trade Controls. The United States and its allies have maintained controls on the export of strategic goods and technology to the Soviet Union and Eastern Europe since 1949. Our objective has been to restrict the flow of advanced hardware and technology in order to preserve our technological edge and to inhibit and prevent advances in Soviet military capability.

On the basis of our policy review, we concluded that a tightening of restrictions on goods and technology which could upgrade Soviet production in areas relevant to Soviet military strength was both desirable and necessary. The President presented our general approach to the other leaders at Ottawa, not expecting their immediate agreement but stressing the importance he attaches to working with them to achieve tighter restrictions. We look forward to discussing our proposals, and the ideas of other COCOM [Coordinating Committee for East-West Trade Policy] countries, in coming weeks and months and, in particular, at a high level COCOM meeting this fall.

We recognize the strong possibility that several countries will differ on details and degree. Some have more extensive commercial links with the East than our own. Others believe that economic ties moderate political behavior. But while we may not always see eye to eye on specifics, I am encouraged by the recognition, embodied in the Ottawa communique, that we must ". . . ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives." And that we will ". . . consult to improve the present system of controls on trade in strategic goods and related technology with the USSR."

I also believe that any tightening of export controls must be accompanied by increased efforts to police these controls and to improve the efficiency of our management. The Soviet Union and some of its Warsaw Pact partners are engaged in a major effort to obtain embargoed equipment and technology. We and our allies must improve our cooperative enforcement efforts. We have begun discussions with other COCOM countries toward this end.

We must also make decisions more quickly on requests by other countries to sell items currently on the COCOM list. Finally, we should seek, where possible, to relax restrictions on items at the very low end of the technology scale, the control of which penalizes our exporters rather than the Soviets.

Foreign Policy Controls. A second key area for enhanced cooperation is contingency planning—the need for the industrialized democracies to react clearly to Soviet adventurism and the use of force. The economic measures taken after the Soviet invasion of Afghanistan indicate that controls are more effective when implemented collectively and when the burden is not borne disproportionately by specific sectors or only a small group of countries. Coordination should take place in advance of a crisis. Much work has been done bilaterally and in NATO to anticipate and plan common approaches for contingencies. Discussions in Ottawa underlined a common interest in systematic and sustained exchanges on this subject.

The United States and its allies have maintained controls on the export of strategic goods and technology to the Soviet Union since 1949 . . . to restrict the flow of advanced hardware and technology . . . .

These are two of the most important areas of East-West trade relations. We and our OECD partners have strong views on East-West trade relations because of our great concern over the Soviet Union. Over the last several years, there has been an awakening to the common dangers we face and a stronger dedication to deal with these dangers in a more integrated and effective way. Our objective is not to impose our views on our friends and allies but to make our case firmly and clearly on the basis of common interests with the aim of reaching agreement on a common approach.

Conclusion

To conclude, please accept my thanks for the opportunity to participate in your hearings. I have come here today because of my conviction that our trade policy—which you and your colleagues are so instrumental in shaping—has a major bearing on the health of our economy and on our country's place in the world.

An active and effective U.S. trade policy can strengthen our domestic economy and improve our political ties with developed and developing countries alike. An effective trade policy toward the Soviet bloc countries can permit commercial exchanges in certain sectors while insuring that we and our major trading partners limit such exchanges where required by our security interests.

The Department of State and our ambassadors and officials abroad stand ready to play an active role in support of U.S. trade interests and to work closely with Ambassador Brock and Secretaries Baldrige and Block to support their efforts. We will also pursue close and cooperative working relations with you in the Congress.

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[1] Press release 256 of July 29, 1981.■

Q. Where do we stand at the moment? Is there a U.S. review of its policies toward Israel going on at the moment, a continuation of the review that you announced 5 weeks ago?

A. No, and that review had to do—the earlier review—with the strike on the Iraqi reactor. We are today attempting to lend good offices to a peace effort which hopefully might achieve a cease-fire or, at a minimum, a return to lower levels of violence so that we can get on with the peace process that Ambassador Habib [Philip C. Habib, the President's special emissary to the Middle East] started some weeks ago.

Q. Then, the review on the Iraqi raid was over and had been resolved one way or another, and we were led to believe a few days ago, here in Washington, that it was reviewed and settled favorably to the Israelis—that the planes would be sent. So one is forced to the conclusion then that this particular decision is specifically linked to the raids in Lebanon.

A. This particular situation is linked to the overall atmosphere in the Middle East in which there is an escalation of violence on both sides and should be interpreted strictly in that light. It's clear that the situation will have to be ameliorated by whatever outcome we ultimately see before an appropriate decision would be called for.

Q. It is kind of hard to see how you are affecting both sides in this by withholding planes from Israel. What are you doing to slap the wrists of the PLO [Palestine Liberation Organization] or those who are firing rockets into Israel?

A. Again, the efforts to achieve peace are not associated with the F-16 decision. The F-16 decision is based on the situation itself—the objective reality in the area. We have a number of initiatives underway that are trying to achieve the peace settlement. Discussions with Mr. Begin and the Government of Israel, efforts with the friendly Arab states to achieve some return to lessen violence on the other side, plus the longer-term efforts that Ambassador Habib has been involved with.

Q. The point that I am trying to make is if, in fact, there is blame on both sides for the violence right now, it seems disproportionately unfair to the Israelis to punish them, and it is, after all, a punishment if they don't get the planes that they are counting on and not do anything to the other side.

A. I think you know we are not providing armaments to the PLO and those elements of the PLO in Lebanon who are involved in rocket and artillery firings against Israel. I don't think your question has the appropriate texture.

Q. No, but that's exactly my point. You're not in a position to punish one side, so you end up punishing only the Israelis, and that hardly seems fair.

A. No, not at all. I think if we were providing armaments to the other side under these circumstances we would be equally reluctant to continue with those shipments. The simple facts are it would be inappropriate to send such lethal weapons into the Middle East at this very, very tense period.

Q. You are, nevertheless—if I heard you correctly earlier this evening—continuing to send other lethal weapons to Israel. They're in the pipeline; they're not being stopped. It's all a little mind-boggling. You must understand that those of us on the outside had a little trouble understanding how one distinguishes between lethal weapons.

A. One never has accused you of having a boggled mind and I won't tonight. Simple facts are that this was a very high profile act which the President was faced with making a decision on. He made that decision based on the unanimous recommendations of everyone in the executive branch and following a certain degree of consultation with the legislature. I am not so sure your premise is precisely on mark.

Q. But, I mean, there are other lethal weapons still going to Israel, and you have no intention of stopping those?

A. No, there has been no decision to do that and, as a matter of fact, I emphasize again, this F-16 decision which you correctly noted was delayed earlier, in the light of escalating violence in the area, has again been delayed. And it is precisely because of the circumstances in the Middle East today and certainly justified on those grounds alone.

Q. What has to happen before that decision is going to be reconsidered? I mean would it help, for example, if the Israelis were to announce tomorrow that from their side, at least, there is going to be a cease-fire?

A. I think answering that question the way it has been worded would suggest that it is linked to that decision, and that would be incorrect. I think any number of things could happen which would justify a resumption of the shipment—a quieting down of the situation perhaps, a cease-fire, progress in Phil Habib's efforts with all of the parties to achieve a return to *status quo ante*, which is, of course, our objective. In the near term, we think a cease-fire is justified because of the intensity of the violence that has occurred.

Q. Is there going to be some kind of general reappraisal of U.S. policy toward Israel?

A. I do not anticipate this. Israel is a longstanding, historic friend and ally. And our relationship with the Government of Israel will continue to be based precisely on that longstanding, historic relationship.

Q. This is the first opportunity that the President has had to meet with his six democratic, industrial partners. I wonder what their reaction has been to what has seemed to be, at least, a rather tough anti-Soviet line and anti-Soviet posture which this Administration has deliberately struck over its first 6 months in office?

A. We have already had some extensive political discussions in the margins and during the meals here at Montebello. Clearly, there is a consensus among all of the participants that the recent Soviet activity, dating back from the period of about 4 or 5 years ago, is basically unacceptable. And I think there is a fundamental unanimity and solidarity emerging from this conference with respect to that issue. In the past, there have been some questions, of course. But it has been the President's view that his policy toward the Soviet Union must be clear and unequivocal—that means reciprocity and restraint and willingness to negotiate as well.

Q. Do our European partners seem to feel that it is necessary for the Soviets to make the first move in that direction or have they been putting a little pressure on the President and on you?

A. No. I think we all are aware that there has been a certain degree of pressure on theater nuclear arms control talks and the decision made last May in Rome and reaffirmed as recently as last week by me in a speech in New York.

They do hope that we will get on with these talks, and we intend to. But the basic consensus up here at Montebello is both reassuring and, surprisingly, one of total solidarity on most of the major issues we are dealing with.

Q. The conventional wisdom prior to the summit was that there would certainly be a number of requests from our allies to get moving on talks on a wide range of issues with the Soviet Union. First, has that pressure materialized or have those requests materialized, and what has the President's response been?

A. No, they have not. In the area of political consensus here there has been strong concern expressed about Afghanistan, about Kampuchea, about Soviet lack of responsiveness in the meetings in Madrid, about international terrorism—a very important paper was agreed to on that topic. I would say that the general level of agreement was both remarkable and encouraging.

Q. What do you think is the greatest accomplishment in foreign policy so far of the Reagan Administration? Is there one to which you would like to point?

A. There are a host of accomplishments. I think one could reiterate after this week that our relationships with our European partners and with Japan have never been better. I think we have established a unique new relationship with our northern neighbor Canada and our southern neighbor Mexico. I think we have launched a host of initiatives in the Caribbean and in Central America of fundamental importance, and I think, in general, this peace period in American foreign policy has been one that has been devoid, except for the Middle East area and the problems we have had in El Salvador, with the kind of crisis which frequently has characterized other Administrations in their earlier period.

Q. You know that your critics say that your policy is floundering, it seems to have no direction.

A. I would anticipate that those who don't agree with our policy to make such charges, and we have plenty of that, and it is not unusual. I think our policies thus far have been moving very, very well, very, very successfully. And if the American people will stop and think they are recognizing [inaudible] that after talking to some 40 foreign ministers, of half that many heads of state and government, there is a growing respect for the new direction of President Reagan's foreign policy. I think this meeting is ample testimony to that.

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[1] For text of announcement see August 1981 BULLETIN, page 81.

[2] Press release 243 of July 21, 1981. ■

Question-and-Answer Session Following Foreign Policy Association Address

At the conclusion of Secretary Haig's address before the Foreign Policy Association in New York on July 14, 1981 (see August BULLETIN, *page 31), he answered the following questions from the audience.*[1]

Q. What is, in your opinion, the probability that the Soviet Union will intervene with force in Poland if current levels of labor unrest in that country continue?

A. There are, I suppose, two schools of thought on this subject: The half-full theory and the half-empty theory. There are many who suggest, in theological terms, that the process of modernization and loosening up of Marxist-Leninist discipline in the Soviet model has already progressed to a point where inevitable retrenchment will be demanded, either by direct intervention or some other modification which would result in turning the clock back.

There are other theories that suggest that the consequences of direct or indirect intervention for the Soviet leadership are so grave, that the train has, in fact, left the station, that the process is so far forward, and that the cost of retrenchment so grave that we will be the witnesses of a continuing evolution of a process already underway.

I do not think it serves our purpose as Americans to indulge in speculations about one theory or another but merely to reiterate, with increasing clarity, the unacceptability of Soviet direct or indirect interventionism into the internal affairs of the Polish people; to make it clear that should such a decision be made, that the price and the consequences would be both grave and longlasting. This has been our position, and whether you are an optimist or a pessimist and whether or not the terms themselves accurately reflect reality is something I think we best leave untended.

Q. Nonetheless, do you intend or contemplate using military force to counter Soviet military intervention in Poland?

A. I think that is a question that has long since developed its own consensus, both within the NATO family and here at home, and I would not visualize military reaction to such an outcome should it occur. I think we have been considering, together with our allies in a very unified way, a host of political, economic, and diplomatic activities that would be the consequence of such an intervention.

Q. Do you feel that our policy toward Israel, and particularly the Begin government, has been too lenient in view of its attack on Iraq and its professed intention to settle additional people on the West Bank?

A. I would not like to label with a value judgment what American policy has been in the context of the question. I think it's awfully important that we Americans recognize that every American President since the founding of the State of Israel has joined in the American commitment for the preservation of that state and for its future vitality. This is a profound and serious obligation for Americans everywhere.

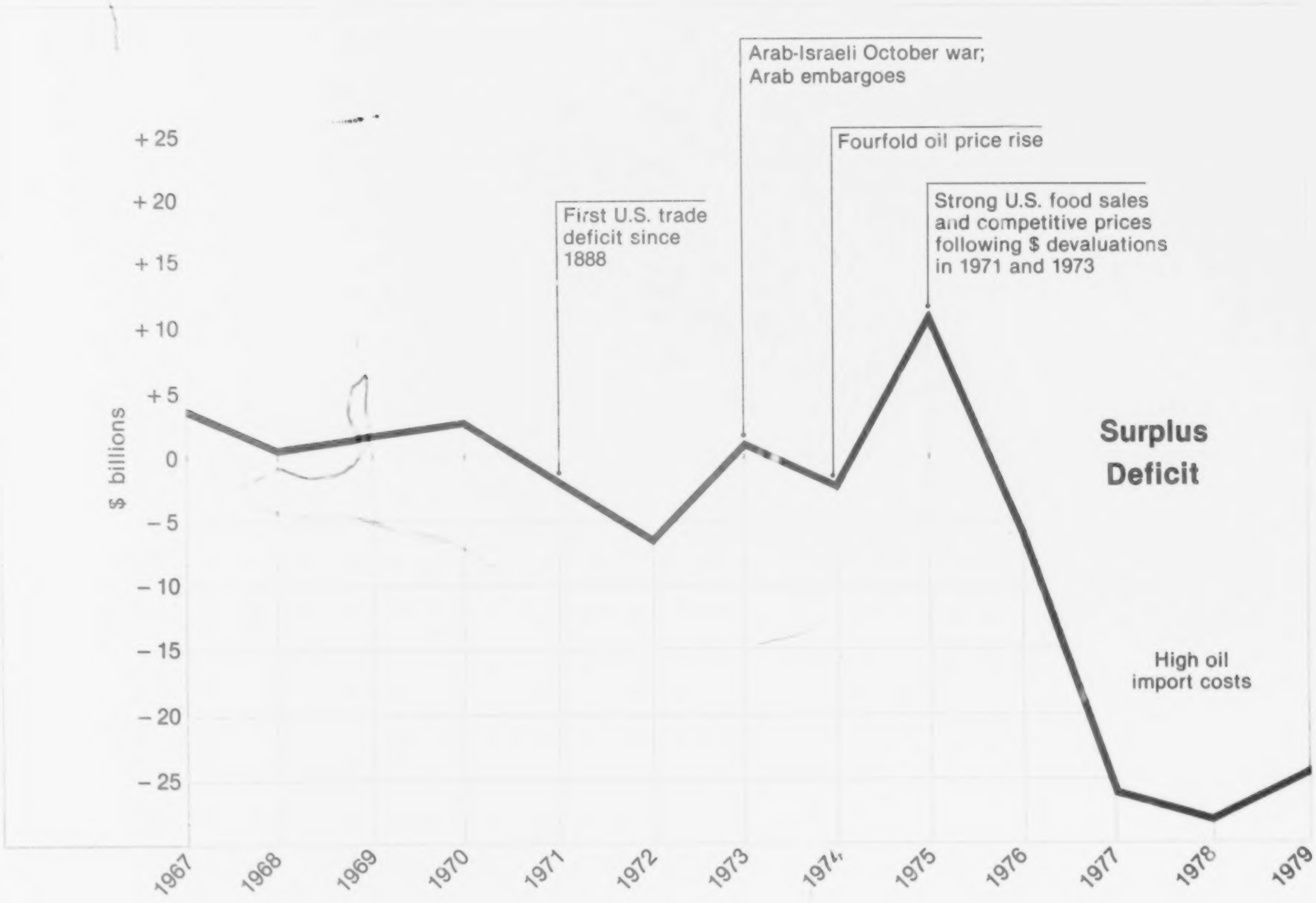
Secondly, I think it would be hard to suggest that as oil diplomacy and other considerations, including improvement and moderation in the Arab world, have sometimes placed obstacles in the continuing consistency of American policies with respect to this subject.

This does not relieve us of the obligation to call a spade a spade as we have done recently in the United Nations with respect to the raid on the Iraqi nuclear reactor. But I think we Americans are best served by recognizing that American credibility is always at stake in such fundamental issues in both human and international relations terms; I do not accept the premises of the question that was asked.

U.S. Merchandise Trade Balance, 1967–79

In 1971 the United States imported more merchandise than it exported for the first time since 1888. This trade deficit was due in part to the inflation-fueled growth of prices for U.S.-produced goods between 1965 and 1970 and to increased foreign competition in the industrial products areas that the United States had once dominated. The continued deficits through most of the 1970s were due to the sharp increase in the price of imported oil, which quadrupied in 1974 and doubled again in 1979–80.

Source: U.S. Department of Commerce, *Overseas Business Reports: United States Foreign Trade Annual 1973-1979*, July 1980



B

World Merchandise Exports, 1960 and 1979

World trade is dominated by countries with market economies. While industrial nations belonging to the Organization for Economic Cooperation and Development (OECD) account for about 68% of total world exports and developing market economies (including oil exporters) for about 25%, the U.S.S.R. and other centrally planned economies in Europe account for only 8%.

Although the United States is the world's largest trading nation with 11% of world exports, U.S. foreign trade as a fraction of gross national product (GNP) is smaller than for any other major trading country. This fraction rose, however, from 4.3% in 1970 to 7.4% in 1979.

West Germany has remained the second largest trading nation for the last 20 years while Japan has increased its share of world trade more than any other industrial nation for that period. The large trade increase shown in the developing economies in Asia is due in part to the demand for Middle East oil and to the growth of foreign-trade-oriented economies in South Korea, Malaysia, Singapore, Thailand, Hong Kong, and Taiwan.

Source: U.N., *Yearbook of International Trade Statistics, 1979*, 1980

Major Trading Nations, 1979

$ billions

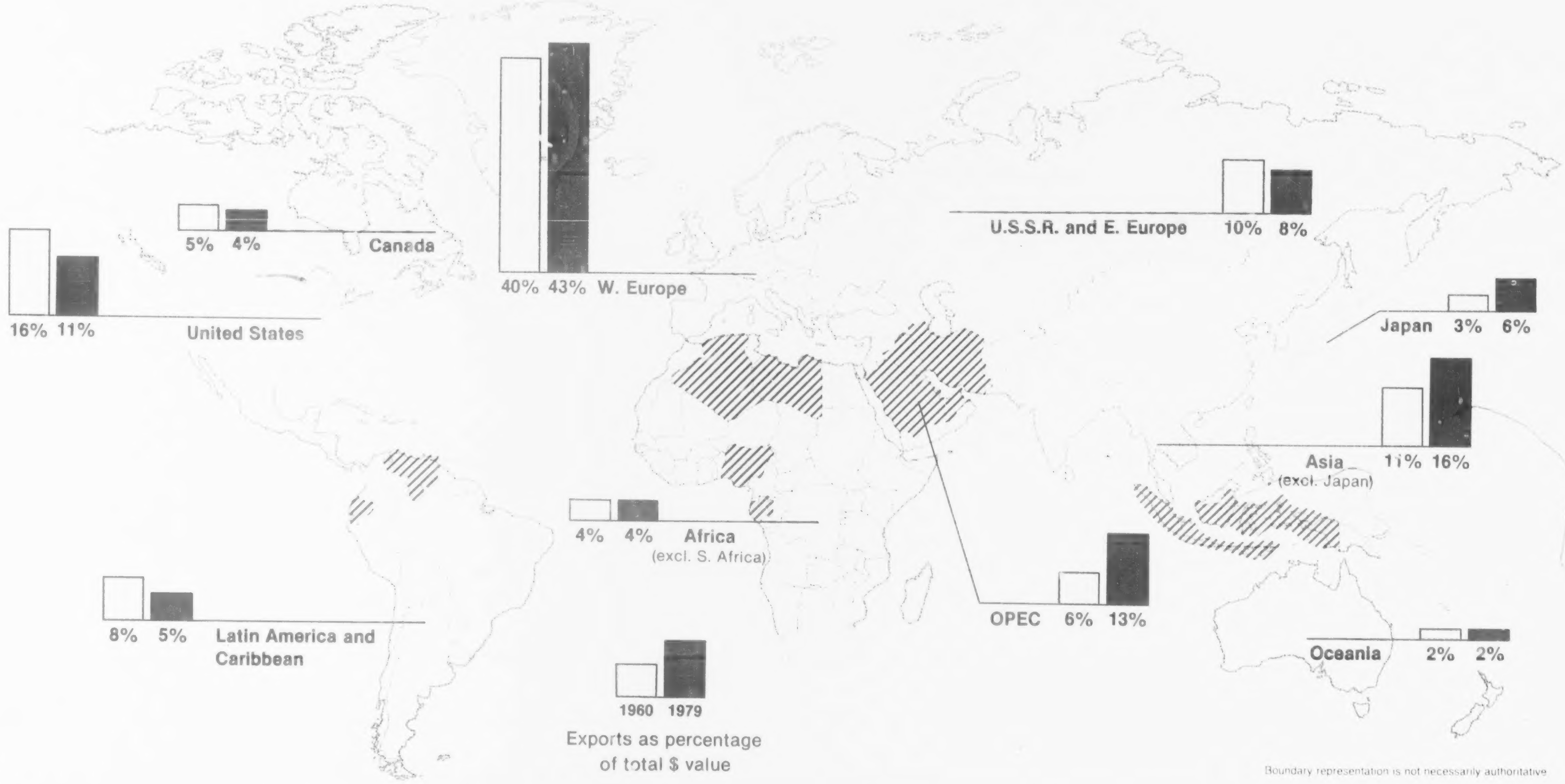
Total World Exports	**1,627**	**Total World Imports**	**1,679**
United States	179	United States	218
W. Germany	172	W. Germany	158
Japan	103	Japan	111
France	98	France	107
U.K.	91	U.K.	103
Italy	72	Italy	78
U.S.S.R.	65	Netherlands	67
Netherlands	64	Belgium, Luxembourg	60
Belgium, Luxembourg	56	U.S.S.R.	58
Canada (1978)	46	Canada (1978)	43
SUBTOTAL	**946** (58%)	**SUBTOTAL**	**1,003** (60%)

10 Leading Trade Items, 1979

(export value in $ billions for market economy countries)

Crude petroleum	142
Passenger cars	55
Petroleum products	54
Electrical machinery	33
Clothing (not fur)	32
Organic chemicals	30
Motor vehicle parts	29
Plastic materials	25
Nonelectrical power machinery	24
Office machines	19

NOTE: The largest agricultural trade item is coffee. With a world export value of $12 billion, it was the 14th largest general trade item in 1979.



Boundary representation is not necessarily authoritative

Sources of U.S. Crude Oil Imports, 1970 and 1979

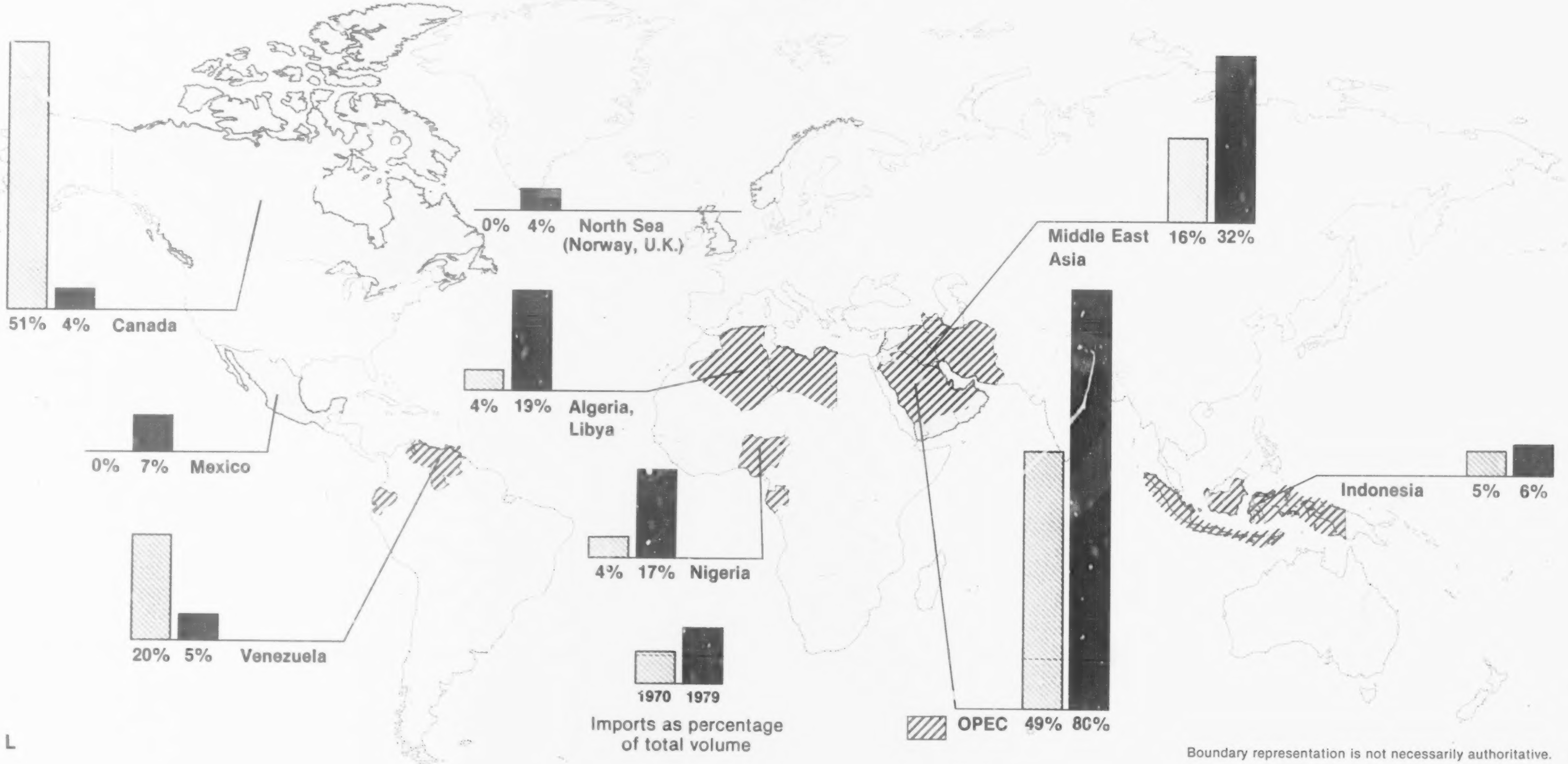
The United States is the world's third largest oil producer (after the U.S.S.R. and Saudi Arabia) but has been a net importer of oil since 1949. Imports, growing rapidly in the 1970s, provided about 45% of U.S. petroleum needs in 1979. The two largest suppliers were Saudi Arabia (with about 21% of total import volume) and Nigeria (with about 17%). The Organization of Petroleum Exporting Countries as a whole accounted for about 80% of total import volume.

There was a severe drop in the amount of oil imported from Canada in the 1970s because of Canada's policy during that period of reducing oil exports to the United States (Canada's only foreign oil customer).

Sources: U.S. Department of Commerce, *Statistical Abstract of the United States*, 1980; IM 150/155 (U.S. General Imports, 1979)

Value of Imported Petroleum and Its Products, 1979 ($ billions)

TOTAL	**60.0**
Nigeria	8.0
Saudi Arabia	7.9
Libya	5.2
Venezuela	4.8
Algeria	4.6
Mexico	3.0
Indonesia	2.6
Iran	2.6
Canada	2.5
United Arab Emirates	2.0
Netherlands Antilles	1.8
Trinidad and Tobago	1.5
United Kingdom	1.4
Norway	.7
Other	11.4

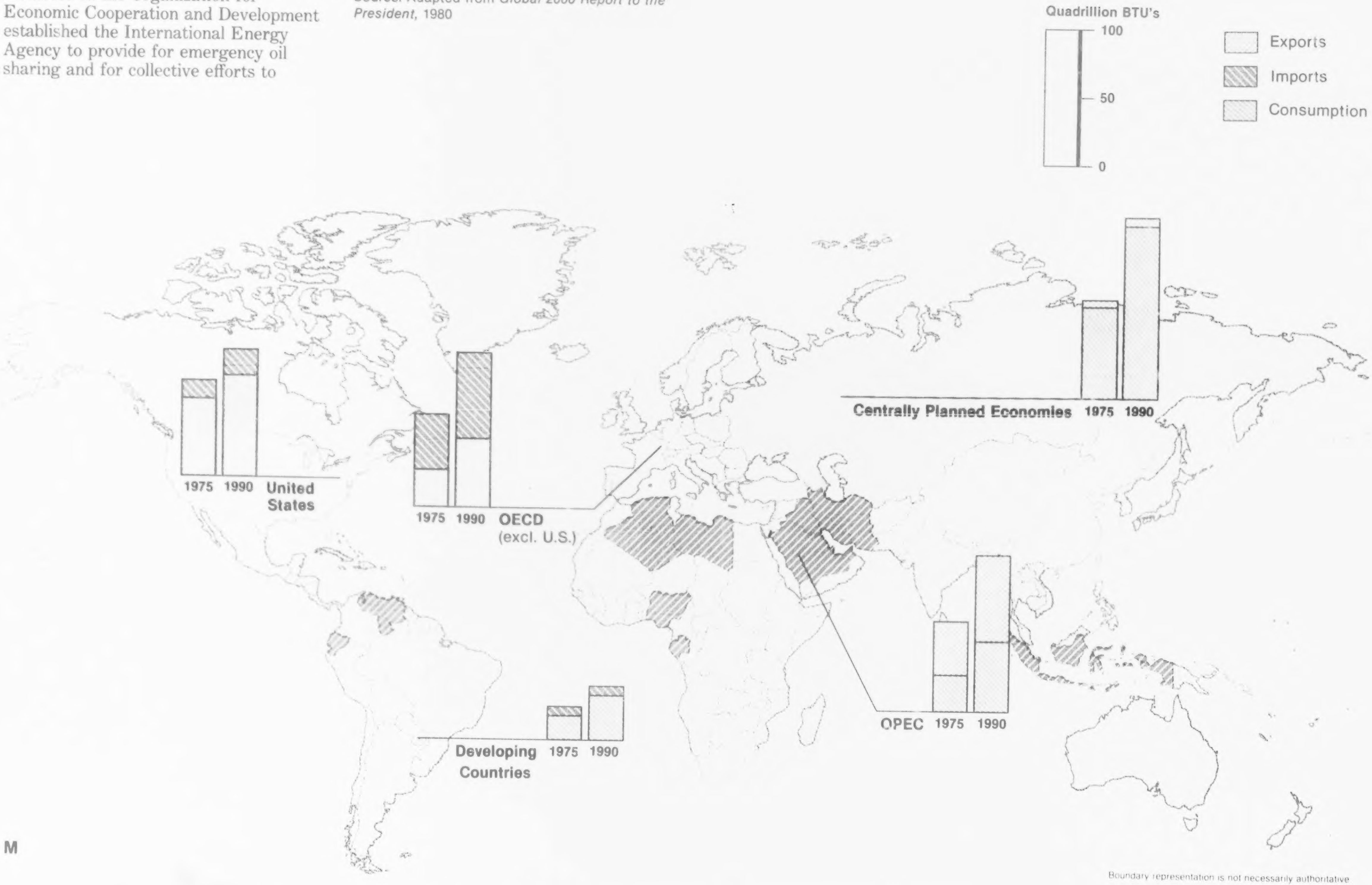

51% 4% Canada
0% 4% North Sea (Norway, U.K.)
Middle East Asia 16% 32%
4% 13% Algeria, Libya
0% 7% Mexico
4% 17% Nigeria
Indonesia 5% 6%
20% 5% Venezuela
1970 1979
Imports as percentage of total volume
▨ OPEC 49% 80%

Boundary representation is not necessarily authoritative.

World Energy Trade, 1975 and 1990

Japan and Western Europe import 90% of their oil—more than three-fourths from the Organization of Petroleum Exporting Countries. In 1974, as a result of the 1973 Arab embargoes and OPEC's subsequent price increases, members of the Organization for Economic Cooperation and Development established the International Energy Agency to provide for emergency oil sharing and for collective efforts to develop other sources of energy. Ultimately, the world will have to derive the major portion of its energy from other sources, but there is no immediate substitute for oil.

Source: Adapted from *Global 2000 Report to the President*, 1980


Quadrillion BTU's
100
50
0
Exports
Imports
Consumption
1975
1990
United States
1975
1990
OECD (excl. U.S.)
Centrally Planned Economies
1975
1990
OPEC
1975
1990
Developing Countries
1975
1990

Boundary representation is not necessarily authoritative

when sudden influx of foreigners occur, to decide to whom we grant the status of refugee or asylee; to improve our border control; to expedite (consistent with fair procedures and our Constitution) return of those coming here illegally; to strengthen enforcement of our fair labor standards and laws; and to penalize those who would knowingly encourage violation of our laws. The steps we take to further these objectives, however, must also be consistent with our values of individual privacy and freedom.

- We have a special relationship with our closest neighbors, Canada and Mexico. Our immigration policy should reflect this relationship.
- We must also recognize that both the United States and Mexico have historically benefitted from Mexicans obtaining employment in the United States. A number of our States have special labor needs, and we should take these into account.
- Illegal immigrants in considerable numbers have become productive members of our society and are a basic part of our work force. Those who have established equities in the United States should be recognized and accorded legal status. At the same time, in so doing, we must not encourage illegal immigration.
- We shall strive to distribute fairly, among the various localities of this country, the impacts of our national immigration and refugee policy, and we shall improve the capability of those agencies of the Federal Government which deal with these matters.
- We shall seek new ways to integrate refugees into our society without nurturing their dependence on welfare.
- Finally, we recognize that immigration and refugee problems require international solutions; we will seek greater international cooperation in the resettlement of refugees and, in the Caribbean Basin, international cooperation to assist accelerated economic development to reduce motivations for illegal immigration.

Immigration and refugee policy is an important part of our past and fundamental to our national interest. With the help of the Congress and the American people, we will work toward a new and realistic immigration policy, a policy that will be fair to our own citizens while it opens the door of opportunity for those who seek a new life in America.

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[1] Text from White House press release.■

Sinai Multinational Force and Observers Established

At a ceremony at the Department of State on August 3, 1981, Ephraim Evron, Ambassador of Israel to the United States, and Ashraf A. Gorbal, Ambassador of Egypt to the United States, signed the protocol establishing the Sinai multinational force and observers (MFO). Secretary Haig signed as witness for the United States.

Following are the texts of identical letters from Secretary Haig to Yitzhak Shamir, Foreign Minister of Israel, and Kamal Hasan Ali, Deputy Prime Minister and Minister of Foreign Affairs of Egypt, of August 3; the protocol, annex, and appendix; and a statement by Nicholas A. Veliotes, Assistant Secretary for Near Eastern and South Asian Affairs, before the Senate Foreign Relations Committee on July 20, 1981.

SECRETARY'S LETTER TO EGYPTIAN AND ISRAELI FOREIGN MINISTERS, AUG. 3, 1981

Dear Mr. Minister:

I wish to confirm the understandings concerning the United States' role reached in your negotiations on the establishment and maintenance of the Multinational Force and Observers:

1. The post of the Director-General will be held by U.S. nationals suggested by the United States.

2. Egypt and Israel will accept proposals made by the United States concerning the appointment of the Director-General, the appointment of the Commander, and the financial issues related to paragraphs 24–26 of the Annex to the Protocol, if no agreement is reached on any of these issues between the Parties. The United States will participate in deliberations concerning financial matters. In the event of differences of view between the Parties over the composition of the MFO, the two sides will invite the United States to join them in resolving any issues.

3. Subject to Congressional authorization and appropriations:

A. The United States will contribute an infantry battalion and a logistics support unit from its armed forces and will provide a group of civilian observers to the MFO.

B. The United States will contribute one-third of the annual operating expenses of the MFO. The United States will be reimbursed by the MFO for the costs incurred in the change of station of U.S. Armed Forces provided to the MFO and for the costs incurred in providing civilian observers to the MFO. For the initial period (July 17, 1981-September 30,1982) during which there will be exceptional costs connected with the establishment of the MFO, the United States agrees to provide three-fifths of the costs, subject to the same understanding concerning reimbursement.

C. The United States will use its best efforts to find acceptable replacements for contingents that withdraw from the MFO.

D. The United States remains prepared to take those steps necessary to ensure the maintenance of an acceptable MFO.

I wish to inform you that I sent today to the Minister of Foreign Affairs of Israel [of Egypt] an identical letter, and I propose that my letters and the replies thereto constitute an agreement among the three States.

Sincerely,

ALEXANDER M. HAIG, JR.

PROTOCOL

In view of the fact that the Egyptian-Israeli Treaty of Peace dated March 26, 1979 (hereinafter, "the Treaty"), provides for the fulfillment of certain functions by the United Nations Forces and Observers and that the President of the Security Council indicated on 18 May 1981, that the Security Council was unable to reach the necessary agreement on the proposal to establish the UN Forces and Observers, Egypt and Israel, acting in full respect for the purposes and principles of the United Nations Charter, have reached the following agreement:

1. A Multinational Force and Observers (hereinafter, "MFO") is hereby established as an alternative to the United Nations Forces and Observers. The two parties may consider the possibility of replacing the arrangements hereby established with alternative arrangements by mutual agreement.

2. The provisions of the Treaty which relate to the establishment and functions and responsibilities of the UN Forces and Observers shall apply mutatis mutandis to the establishment and functions and responsibilities of the MFO or as provided in this Protocol.

3. The provisions of Article IV of the Treaty and the Agreed Minute thereto shall apply to the MFO. In accordance with paragraph 2 of this Protocol, the words "through the procedures indicated in paragraph 4 of Article IV and the Agreed Minute thereto" shall be substituted for "by the Security Council of the United Nations with the affirmative vote of the five permanent members" in paragraph 2 of Article IV of the Treaty.

4. The Parties shall agree on the nations from which the MFO will be drawn.

5. The mission of the MFO shall be to undertake the functions and responsibilities stipulated in the Treaty for the United Nations Forces and Observers. Details relating to the international nature, size, structure and operation of the MFO are set out in the attached Annex.

6. The Parties shall appoint a Director-General who shall be responsible for the direction of the MFO. The Director-General shall, subject to the approval of the Parties, appoint a Commander, who shall be responsible for the daily command of the MFO. Details relating to the Director-General and the Commander are set out in the attached Annex.

7. The expenses of the MFO which are not covered by other sources shall be borne equally by the Parties.

8. Disputes arising from the interpretation and application of this Protocol shall be resolved according to Article VII of the Treaty.

9. This Protocol shall enter into force when each Party has notified the other that all its Constitutional requirements have been fulfilled. The attached Annex shall be regarded as an integral part hereof. This Protocol shall be communicated to the Secretary General of the United Nations for registration in acccordance with the provisions of Article 102 of the Charter of the United Nations.

For the Government of the
Arab Republic of Egypt:

Ashraf A. Gorbal

For the Government of
the State of Israel:

Ephraim Evron

Witnessed by:

Alexander M. Haig, Jr.
For the Government of the
United States of America

ANNEX

Director-General

1. The Parties shall appoint a Director-General of the MFO within one month of the signing of this Protocol. The Director-General shall serve a term of four years, which may be renewed. The Parties may replace the Director-General prior to the expiration of his term.

2. The Director-General shall be responsible for the direction of the MFO in the fulfillment of its functions and in this respect is authorized to act on behalf of the MFO. In accordance with local laws and regulations and the privileges and immunities of the MFO, the Director-General is authorized to engage an adequate staff, to institute legal proceedings, to contract, to acquire and dispose of property, and to take those other actions necessary and proper for the fulfillment of his responsibilities. The MFO shall not own immovable property in the territory of either Party without the agreement of the respective government. The Director-General shall determine the location of his office, subject to the consent of the country in which the office will be located.

3. Subject to the authorization of the Parties, the Director-General shall request those nations agreeable to the Parties to supply contingents to the MFO and to receive the agreement of contributing nations that the contingents will conduct themselves in accordance with the terms of this Protocol. The Director-General shall impress upon contributing nations the importance of continuity of service in units with the MFO so that the Commander may be in a position to plan his operations with knowledge of what units will be available. The Director-General shall obtain the agreement of contributing nations that the national contingents shall not be withdrawn without adequate prior notification to the Director-General.

4. The Director-General shall report to the Parties on developments relating to the functioning of the MFO. He may raise with either or both Parties, as appropriate, any matter concerning the functioning of the MFO. For this purpose, Egypt and Israel shall designate senior responsible officials as agreed points of contact for the Director-General. In the event that either Party or the Director-General requests a meeting, it will be convened in the location determined by the Director-General within 48 hours. Access across the international boundary shall only be permitted through entry checkpoints designated by each Party. Such access will be in accordance with the laws and regulations of each country. Adequate procedures will be established by each Party to facilitate such entries.

Military Command Structure

5. In accordance with paragraph 6 of the Protocol, the Director-General shall appoint a Commander of the MFO within one month of the appointment of the Director-General. The Commander will be an officer of general rank and shall serve a term of three years which may, with the approval of the Parties, be renewed or curtailed. He shall not be of the same nationality as the Director-General.

6. Subject to paragraph 2 of this Annex, the Commander shall have full command authority over the MFO, and shall promulgate its Standing Operating Procedures. In making the command arrangements stipulated in paragraph 9 of Article VI of Annex I of the Treaty (hereinafter "Annex I"), the Commander shall establish a chain of command for the MFO linked to the commanders of the national contingents made available by contributing nations. The members of the MFO, although remaining in their national service, are, during the period of their assignment to the MFO, under the Director-General and subject to the authority of the Commander through the chain of command.

7. The Commander shall also have general responsibility for the good order of the MFO. Responsibility for disciplinary action in national contingents provided for the MFO rests with the commanders of the national contingents.

Functions and Responsibilities of the MFO

8. The mission of the MFO shall be to undertake the functions and responsibilities stipulated in the Treaty for the United Nations Forces and Observers.

9. The MFO shall supervise the implementation of Annex I and employ its best efforts to prevent any violation of its terms.

10. With respect to the MFO, as appropriate, the Parties agree to the following arrangements:

(a) Operation of checkpoints, reconnaissance patrols, and observation posts along the international boundary and Line B, and within Zone C.

(b) Periodic verification of the implementation of the provisions of Annex I will be carried out not less than twice a month unless otherwise agreed by the Parties.

(c) Additional verifications within 48 hours after the receipt of a request from either Party.

(d) Ensuring the freedom of navigation through the Strait of Tiran in accordance with Article V of the Treaty of Peace.

11. When a violation has been confirmed by the MFO, it shall be rectified by the respective Party within 48 hours. The Party shall notify the MFO of the rectification.

12. The operations of the MFO shall not be construed as substituting for the undertakings by the Parties described in paragraph 2 of Article III of the Treaty. MFO personnel will report such acts by individuals as described in that paragraph in the first instance to the police of the respective Party.

13. Pursuant to paragraph 2 of Article II of Annex I, and in accordance with paragraph 7 of Article VI of Annex I, at the checkpoints at the international boundary, normal border crossing functions, such as passport inspection and customs control, will be carried out by officials of the respective Party.

14. The MFO operating in the Zones will enjoy freedom of movement necessary for the performance of its tasks.

15. MFO support flights to Egypt or Israel will follow normal rules and procedures for international flights. Egypt and Israel will undertake to facilitate clearance for such flights.

16. Verification flights by MFO aircraft in the Zones will be cleared with the authorities of the respective Party, in accordance with procedures to ensure that the flights can be undertaken in a timely manner.

17. MFO aircraft will not cross the international boundary without prior notification and clearance by each of the Parties.

18. MFO reconnaissance aircraft operating in Zone C will provide notification to the civil air control center and, thereby, to the Egyptian liaison officer therein.

Secretary Haig Interviewed on "Issues and Answers"

Secretary Haig was interviewed on ABC's "Issues and Answers" by Frank Reynolds, ABC News, in Washington, D.C., July 19, 1981.[1]

Q. I know the Ottawa summit [July 19–21] is, of course, very important, and we'll discuss it later in this broadcast. But the situation in the Middle East seems to be at a particularly critical stage now. There are reports that perhaps more than 300 persons lost their lives in the Israeli raid on Beirut and other targets in Lebanon last Friday. There has been more rocket fire in the Israeli towns, even this morning. Ambassador Habib [Philip C. Habib, President's special emissary to the Middle East] has met with Prime Minister Begin today. Do you have any reason to believe that this cycle of attack and counterattack can be stopped? Have you had a report from Mr. Habib?

A. The President and I have been following this situation minute by minute, since the escalation started 3 or 4 days ago, when the level of violence increased so dramatically. Mr. Habib was in a meeting this morning, Israeli time, with Prime Minister Begin. He'll return, Israeli time, this afternoon, to meet with the Prime Minister.

We've been very active in the United Nations with our European partners and, of course, with friendly governments in the Middle East to try to provide some tamping down of the situation, hopefully to achieve a cease-fire. We're not altogether discouraged that that might be possible. But the period ahead, of course, is a very tense and important one.

Q. The United States has a decision; perhaps it's already made it. Are you going to ship the F-16s to Israel Tuesday as scheduled?

A. I know there's been a lot of static on the airways on this subject, but the President has not made his decision with respect to that shipment, and I think in the context of that shipment, the important aspect of the problem is to get a moderation of the current level of tensions and a reduction of the violence. And that particular issue is not specifically related but rather to the Israeli raid on the Iraqi reactor. It would be specious to suggest that in this climate, however, it does not have an effect on it. And I think we must address this issue from a standpoint of whether or not it contributes to more moderate policies on the part of the two protagonists in this particular situation. That would be our hope.

Q. So you are waiting then for what? Some assurance from one of the parties, Mr. Begin?

A. No, I don't want to suggest that we are waiting for anything. We have no deadline on this, other than the scheduled shipment date sometime Tuesday, and I would judge that we will have completed our review, which is largely complete; and we've conducted consultations with both the Foreign Relations and Foreign Affairs Committees of the Senate and the House; and that the President will be prepared to make his decision very, very shortly.

Q. And the Israeli raid on Friday, does that have a bearing on this decision? I know it's related specifically to the raid on the Iraq reactor.

A. No, we've been very careful not to link these two issues. And I think it's important that we not. That does not suggest for a moment that they are not broadly interrelated in the context of events in the Middle East, and America's policy to seek to return to moderation, *status quo ante*, if you will, in the particular Lebanon crisis and to get on with the longer term objectives of establishing a lasting peace in the region.

Q. Weren't you all set to announce though on Friday that the F-16s would be shipped?

A. We had target dates which suggested Friday, with further clarification, of shipment schedules and the recognition that there would have to be movement from factory to jump-off points. We had additional time, and I think the President wanted to use that time, and quite correctly.

Q. But the Israeli raid on Friday is what caused him to utilize additional time.

A. I don't even want to suggest that. As I said, we've maintained that these issues are not directly linked. It serves no useful purpose to link them at this juncture, and we've avoided that very, very carefully. The point to be made is that the decision—which there's speculation about, due to some inside speculation, I must add, because the press reports only what it gets—was somewhat premature.

Q. It's only a week ago that the Counselor of the State Department, Mr. [Robert C.] McFarlane, reached what was described as an understanding with Mr. Begin, about the use of American military equipment. Was the raid on Beirut on Friday consistent with that understanding? Or did it exceed the bounds—

A. That's a judgment that's yet to be made, and clearly I don't think the United States ever visualized that the—in providing equipment to Israel it did not have the right to employ that equipment in legitimate self-defense. I recognize there are many controversial points of view, differing points of view held by honest people, with respect to whether a particular issue was legitimate self-defense or whether it exceeded that criteria.

We didn't make that judgment in the context of the Iraqi raid; rather, we felt that—and we so stated our condemnation of the act both unilaterally and in joining a United Nations resolution with respect to that. We also, as you know, suspended the shipment of the four F-16s that were scheduled to leave several weeks ago.

The problem is, with respect to the Iraqi raid, that we felt the available diplomatic steps that might have preceeded whatever other decision with respect to use of force was made were not followed. Clearly, that's not the view of the Israeli Government, and we understand that. But they also understand that we have a commonality of interests in achieving stability in the Middle East and in providing for the continuing existence and viability of the State of Israel. But also we want them to consider our interests in these matters as well as their own, and I think there's been a clearing of the air with respect to that issue.

Q. What was the understanding that Mr. McFarlane reached with Mr. Begin?

A. I wouldn't call it any understanding. I think we expressed our concerns, they expressed their point of view. We did not see unacceptable incompatibilities between the two. And based on that understanding and the feeling that our fundamental purposes in all that has passed is to employ those events to add to promise for peace and tranquility in the period ahead, and that must dominate American policy on this, this very volatile area.

Q. A good many people, I think,

are beginning to wonder whether the United States has any influence over Israel, and certainly it has very little influence over the Palestine Liberation Organization (PLO), which is responsible for the rocket bombing of Kiryat Shmona and the other towns in northern Israel. I wonder if you believe that—let's put it bluntly, because of domestic political considerations in this country, Prime Minister Begin believes there is not much the United States can do or will do to temper his actions.

A. No, I wouldn't share that judgment at all, and I think it's very important that those in the executive and legislative branches responsible for American policy in the Middle East not be deterred or influenced by domestic political considerations. And I know that that's not the President's approach to these vexing problems, but rather to focus, primarily if not exclusively, on measures and policies designed to bring about an ultimate peaceful solution to a historic problem.

After all, this is not a new set of problems for the United States. I've had some 20 years in government at a fairly high level in periodic cycles, and the Middle East situation has wrenched American leadership. And I think it, unfortunately, will continue for the period ahead.

Q. But hasn't it entered a new phase now? I mean there is a new Israeli policy of striking at military targets even though they are located in heavily populated, civilian populated areas. Doesn't this introduce a new element, disturbing element?

A. Any escalation of violence, especially violence which might include damage or injury or death to noncombatants, is a matter of increasing concern to all of us.

Q. What would be the reaction in this country and in the Government of the United States if Tel Aviv had been bombed and 300 people had been killed?

A. I suspect it would be one of shock and dismay; just as we expressed dismay on Friday as we learned of the extensive level of noncombatant casualties in the Beirut area.

Q. The Arabs, the PLO are holding the United States directly responsible for the Israeli raid. They are saying that Mr. Begin could not have ordered this raid without the active collusion of the United States.

A. You have to be very careful when you read the rhetoric of any of the parties involved in this tragic situation and not necessarily be overly impressed by one news report or one public statement or another; rather to recognize the anguish associated with this terrible problem, and that anguish hits both sides. I think we Americans have got to be, as always, a responsible, moderating influence. And that's the policy that President Reagan is attempting to pursue in this current crisis.

Q. Do you think we can be perceived as a responsible moderating influence in light of Friday's raid if we go ahead with the shipment of the F-16s? I mean, perceived in the Arab world.

A. It isn't a question of perceptions. It's a question of what policy pursued by the United States will contribute first and foremost to the outcome we seek. You know, it's unprecedented that the United States engage in the kind of condemnation we did on the Iraqi raid; not only unilaterally but at the United Nations as well.

But it isn't as though we haven't made our view very, very clear in that regard. On the other hand, I think it's awfully important that we not succumb to the emotions or tensions of the moment, from whatever side, and keep a steady eye on the overall objective we seek to achieve. And that's sometimes difficult in a highly charged climate of the kind we're in today.

Q. It's particularly difficult now. You have President Sadat coming here; Prime Minister Begin later on. Do you think that now there is any realistic chance for progress on the Palestinian autonomy talks?

A. Why, of course. And you know, people forget several weeks ago we were on the verge—we were perhaps hours away from a major conflict in Lebanon. It was President Reagan's decision to send Mr. Habib there, and he's been conducting his own mini-shuttle, I would call it, except this is a three-sided one because he's come back to Washington repeatedly.

We're still hopeful that this process can continue and the superimposition, if you will, of this current crisis on Phil's platter, and the President's decision to engage him in this crisis, is, I think, both a wise one and a hopeful one.

Q. I'll do now what I know you want to do in terms of Ottawa. You have said it is important not to expect momentous conclusions from the summit in Ottawa. Four of them are getting together for the first time, in this summitry business. Can this be more than a get-acquainted session? That can be valuable, too, can't it?

A. I think the very fact of the meeting, with four first-time meetings, and five of the leaders having not participated in the past, on its own merits, such an exchange focusing primarily on economic conditions, which we are jointly experiencing the consequences of today, but also to provide a venue for some political exchanges, is both timely and invaluable.

Q. And you expect to go to Ottawa and be able to disagree agreeably, is that right?

A. I think we have to be very careful not to focus exclusively on differences, which are inevitable in relationships between major industrial powers of the kind to be assembled here. There is nothing new about that. It is an historic reality. I think the important point about this upcoming summit is convergence of objectives and outcomes sought by all of the leaders in which we refer to as the macroeconomic objectives. And what am I speaking about? I am talking about a return to more promising economic growth levels in all of our societies. We are talking about achieving a reduction in the runaway levels of inflation that we have all be plagued by. We are talking about increasing levels of unemployment.

It's when you get to the micro aspects of these problems, how you achieve these ends, there are natural and to-be-anticipated differences. Afterall, we are a capitalist market economy, free enterprise system, here in the United States. We participate in a world where Socialist regimes are also in power. It would be natural that each would visualize for itself different routes to achieving common macroeconomic objectives.

And we have to understand here in the United States that sometimes our policies are perceived, at least, to complicate the objectives of our European partners, as with Japan as well. We have to be sensitive to that. It doesn't mean we have to change our policies, and I don't think we intend to. But I do think they must know that we are sensitive to their needs, just as they must be aware of our own particular needs here in the United States. And I think this is an important outcome to be achieved at Montebello.

Q. So the air will be cleared? I mean, they will complain. You will explain your policies, the President's economic policies. They will say that these policies are having an adverse impact on their own economies. And that will be that?

A. No. It's not that simple. In the first place, I don't expect complaint, the

Q. What ultimate resolution to the Palestinian situation do you suggest?

A. We are engaged in a number of overlapping and intimately interrelated problem areas. The first, of course, is the F-16 issue itself, and I'm waiting this afternoon the return of Mr. McFarlane [Robert C. McFarlane, Counselor of the Department of State] with a report to me which will ultimately go to the President for a decision in consultation with the Congress with respect to the possible resumption of arms shipments of the F-16s that were suspended to Israel.

Secondly, we have a peace mission underway in the Middle East dealing with the Lebanon crisis that Mr. Phil Habib [Philip C. Habib, the President's special emissary to the Middle East] is engaged in. In that process he has enjoyed, not to the total satisifaction of everyone, the cooperation of both the State of Israel and a number of Arab states. The very fact that the process continues and that conflict has not emerged from the crisis in Lebanon, I think, is testimony to the prudence and wisdom of the effort in the first place, and it constitutes a continuing source of hope that we will resolve that issue peacefully.

Then we have the problem of the Camp David peace process itself. In an immediate sense that involves the ultimate withdrawal of Israeli forces from the Sinai and the introduction of a non-U.N. peacekeeping force in that area, as well as the so-called autonomy talks themselves.

I'm optimistic that we will soon initial, perhaps as early as this week, the Sinai disengagement proposal, and it has been the progress that has taken place following my trip to the Middle East in May and as a result of great flexibility and forthcomingness on the part of the Egyptians and the Israelis.

I think it was just 2 days ago that an Israeli official who will be associated with the new government urged that the autonomy talks resume at the earliest possible date. We have visits coming in August from President Sadat and shortly thereafter by the new Israeli Prime Minister who it appears will be Mr. Begin, and I would anticipate that as a result of those meetings that this peace process will be resumed with greater vigor and with greater hopes for a successful outcome.

The longer term and more anguishing aspects of the Middle East peace process remain to be developed in the context of our consultation with both governments and other affected parties in the area.

Q. In terms of your use of the phrase, "the new government in Israel," can we conclude from what you have said that you expect that government to be headed by Menahem Begin?

A. I think most analysts today would suggest that it looks very much that way, but I think it's far too soon in a highly dynamic and unpredictable political environment to say so with assurance.

Q. Can you please explain how this Administration's policy of cuddling up to South Africa can achieve the declared objective of reducing Soviet and Cuban influence in Angola?

A. Some time ago we had U.N. Resolution 435 which initiated a U.N. sponsored process that was picked up by the contact group—West Germany, France, the United Kingdom, the United States, and Canada. This resulted in efforts which stalled out badly in the face of what some described as South African intransigence or lack of cooperativeness.

When this Administration came in, we were faced almost from the first hours with a highly volatile, unsuccessful Geneva conference where the South African Government vetoed almost every effort that was made.

It was in the light of that that we assessed very carefully how we could go and how we could move to get the peace process moving and to ultimately achieve a fully independent, internationally recognized Namibia. Certainly, one of the urgent requirements was to re-establish a level of credibility and influence in the South African Government.

We have been in the process of doing that. We've been in the process of seeking some means to offer a hopeful formula. That process continues. One must recognize that it does no good to indulge in theology when you're dealing with very practical problems of vital internal concern to the parties in the southern African region.

I am not especially optimistic nor am I especially pessimistic that we have made a sufficient level of progress to soon indicate that there will be some further movement. But let me assure you it's a tough and anguishing job and, unfortunately, only the United States can bring this about.

It is very easy for South Africa to sit in a situation of intransigence over an extended period of time, given the assets available to them. Even in the case one might lament where we cut off arms shipments to South Africa. Today it's the fifth largest arms producer in the world. So these are people not without their own resources.

Q. The United States has just lifted an arms embargo against four South American countries because of alleged improvements in human rights in those countries. How do you reconcile this, with Amnesty International's recent report that the human rights situation has not improved there?

A. Let me assure this audience, the Amnesty International report notwithstanding, that we carefully assessed the human rights situation in each of the recipient countries described and named and without exception, in each case, the improvement has been dramatic.

That improvement does not represent a corresponding level of complacency here in Washington that all that must be done has been done, but we do not believe that it serves any useful purpose to indulge in isolation and public punishment and public admonishment in the face of internal improvements that have already taken place. We want an incentive for that process to continue, and that's what that decision represented. I can tell you that over the last 6 months that approach has achieved a great deal more than ostracizing and criticizing publicly nations which are sovereign and which best respond to quiet diplomacy. [Applause]

Q. West Germany and France plan to oppose U.S. economic policy at the Ottawa meeting [economic summit held in Ottawa, Canada, July 19–21]. What impact do you feel this will have?

A. First, I want to be very careful not to charge the fourth estate with excess reporting because it's been my experience they report what they are given. They have been given, in a number of instances, a lot of robust, threatening language from some sources in Western Europe. But let me assure you, I do not anticipate that the upcoming Ottawa summit will be characterized by West European bludgeoning of the United States on the high interest rate problem.

I think our European partners look at this meeting as an opportunity in that area to express their concerns to the American leadership with respect to the impact that those high interest rates are having on their economic situations in

Western Europe, which is serious and, in some cases, bordering on grave.

Our high interest rates have the impact of, in practical terms, adding percentage points to already existing, inflated levels of inflation. It makes investment patently impossible, and it results in a flow of European money to New York markets. All of that is difficult.

There's another aspect of the American-European problem in the economic sector. We are a market economy, a free enterprise system—a capitalist system, if you will. Many of our European partners preside over socialistic systems whose fundamental outlook departs from that of ours, although I could name several Socialist models in Western Europe that are not too different from our own with respect to philosophic approaches to internal finance.

But I think our European partners do not like to hear Americans on the one hand insist that we are going to continue with the reform program that we have underway in order to get inflation under control because that's in their vital interest—and it is—and at the same time tell them how to handle their internal affairs, their social spending, or other aspects of their internal, economic situation.

It should be enough for Americans to say for 4 years you Europeans carped like the devil about our lack of economic discipline here at home. You even accused us at times of letting the American dollar go into benign neglect because you were unwilling to discipline yourselves on the crucial sector of energy.

Now we have gone about a complete, tightly balanced reform program that's fiscal, regulatory, and highly austere, and I think our West European partners should recognize that getting inflation under control is inevitably going to bring interest rates down. If we indulge in artificial pumping or manipulation of interest rates, we're going to contribute to increased inflation, and the cycle of despair that we've witnessed for so long is going to continue.

I think our European partners also, while they hear that message—and they will take it patiently up to a point—they don't want to be lectured on how to handle their own internal affairs with different systems. I think that's the kind of exchange we will see at Ottawa; I think it will be helpful for both sides.

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[1] Press release 233A of July 15, 1981. ■

Secretary Negotiates Procedures for Cancun Summit

Secretary Haig attended a preparatory meeting of foreign ministers in Cancun, Mexico, August 1–2, 1981, to discuss the arrangements for the October international meeting on cooperation and development. Following are the Secretary's remarks to the press aboard his plane en route to Cancun and his departure statement from Cancun.

REMARKS EN ROUTE, JULY 31, 1981[1]

As you probably know, this is a first, really an historic first—this meeting—in which for the first time national leaders—in October—of the developed world and the developing world will meet together. Historically they have met in separate venues—with the exception of the Commonwealth meeting—of the kind that are taking place in the Pacific this September.

This is the third preparatory meeting for the October 22–23 Cancun summit, but it is the first in which the 11 invited nations will be represented, and, of course, the first one in which the United States has participated. The 22 nations represented here comprise some 2.8 billion of the world's people and a combined gross product of about $6.6 trillion.

Conceptually, as I say, it is a first. And so what we seek first and foremost to do is to establish interpersonal lines of communication between national leaders who have not met in similar venues in the past.

This meeting in October and this preliminary meeting will occur at a time when the international economic environment is under great stress—second rounds of energy costs with dramatic impact on developed and especially developing nations: declining economic growth rates, runaway inflation, increased unemployment. These stresses tend to contribute to an inclination toward protectionism. And we believe all of these issues will be part of the discussions, which we hope will remain informal and free-wheeling. It is, of course, our view that cooperative efforts to solve these problems are necessary, but they depend fundamentally on national economic policies.

I think it's important also to highlight in the setting that we find ourselves the changing trade patterns, the emerging interdependence between the developed world and the developing world. For example, the United States today conducts about 36% of its trade with the developing world, and it's growing. This represents more than a combined total trade of the United States with the Economic Community and Japan exports. You will find similar patterns as we saw in ASEAN [Association of South East Asian Nations] with such other developed nations as Australia, New Zealand, and Japan, so the world trading patterns are changing.

I think you also see the interrelationship between these economic realities and developing political realities. Take, for example, the Middle East where the recent crisis was successfully managed—at least for the time being, as fragile as the situation is—by cooperating between developing and developed nations in a political sense. The Arab nations of the Arab League—the four—not only worked constructively on the initial Lebanon crisis, but they played a vitally important role in the recently established cessation of hostilities across the border of Lebanon and Israel.

I think in this upcoming meeting the effort will be toward mutual, cooperative efforts. From the U.S. point of view, we look at it as mutually cooperative. In other words, there are mutual responsibilities between the developed nations and the developing nations. The creation of circumstances in the developing nations serves as a catalyst to improve trade, improve investments, and participation in the developing nations serves as a catalyst to improve trade, improve investments, and participation in a worldwide financial system. We seek to approach this problem much the way we have already started out under President Reagan. Take for example the pilot program that has been developed for Jamaica, which is broadly based and involves investment—the private sector. It involves multinational participation in the critical country which is both regional and worldwide in context. It seeks to shape our programs based on the views not only of the nations externally but the recipient nation. So it is a mutually

One-commodity Countries

Primary commodities (unprocessed agricultural and mineral products) often are subject to severe price fluctuations, as well as competition from synthetic products. This can create severe problems for developing countries that are heavily dependent on foreign exchange produced by the sale of such commodities. In an effort to stabilize markets and prices, the producers of some commodities have joined with the major consumers in international agreements. These agreements provide, among other things, for long-term contracts at fixed prices and buffer stocks to maintain stable supplies. International agreements exist for such commodities as cocoa, coffee, copper, sugar, and tin.

The Organization of Petroleum Exporting Countries (OPEC) consists exclusively of oil producers. OPEC was founded in 1960 to increase petroleum export earnings through agreement with foreign oil companies and control of production and prices. All OPEC members (with the exception of Iraq) derive more than 50% of their export earnings from oil. (This is also the case for non-OPEC members Angola, Brunei, Congo, Oman, Syria, and Trinidad and Tobago.) As a result of OPEC's policies, most OPEC members have a substantial surplus in their balance of trade. Such associations have not proved to be effective where producers are too numerous or where other products are easily substituted.

One-commodity Countries (market economy countries only)

Latin America and Caribbean

- The Bahamas
  - Sugar
- Barbados
  - Sugar
- Chile
  - Copper
- Colombia
  - Coffee
- Guyana
  - Sugar
- Jamaica
  - Aluminum oxide
- Panama
  - Bananas
- Trinidad and Tobago
  - Crude petroleum

Middle East

- Oman
  - Crude petroleum
- Syria
  - Crude petroleum
- Yemen (Sanaa)
  - Cotton

Africa

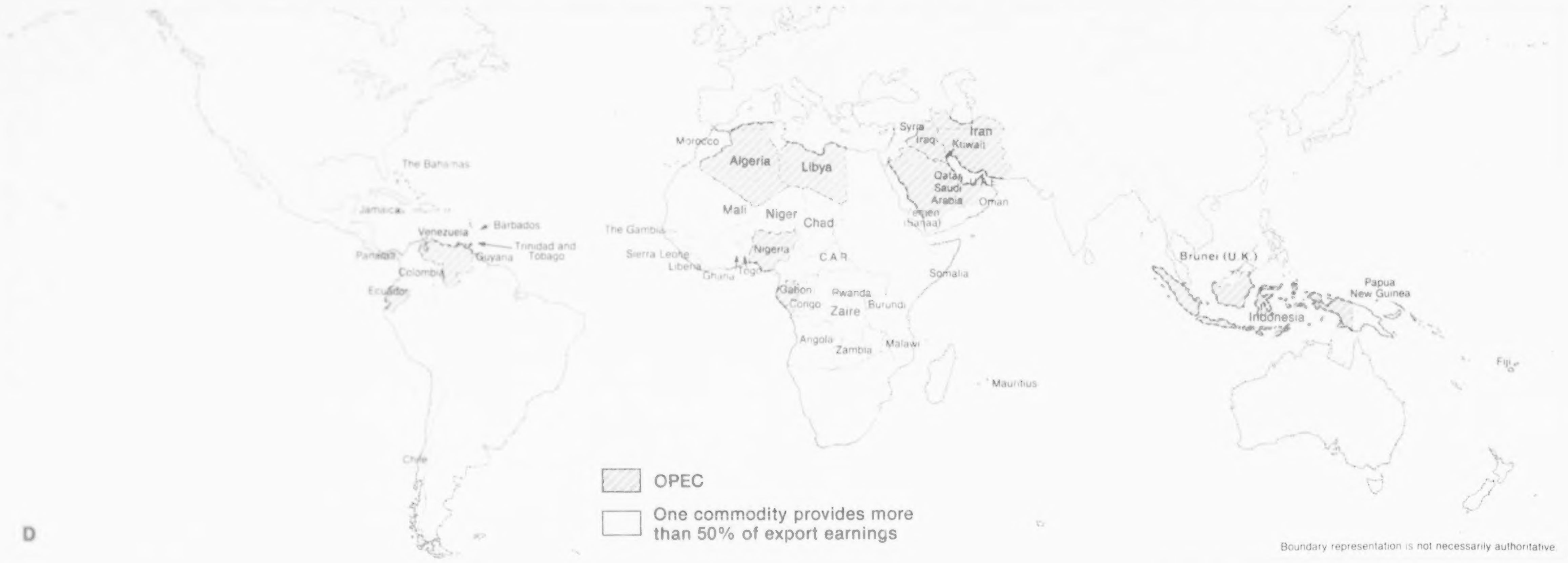
- Angola
  - Crude petroleum
- Burundi
  - Coffee
- Central African Republic
  - Cotton
- Chad
  - Cotton
- Congo
  - Crude petroleum
- The Gambia
  - Oil seeds
- Ghana
  - Cocoa
- Liberia
  - Iron ore
- Malawi
  - Tobacco
- Mali
  - Iron ore
- Mauritius
  - Sugar
- Morocco
  - Natural phosphates
- Niger
  - Uranium
- Rwanda
  - Coffee
- Sierra Leone
  - Diamonds
- Somalia
  - Live animals
- Togo
  - Crude fertilizer
- Zaire
  - Copper
- Zambia
  - Copper

Asia/Pacific

- Brunei
  - Crude petroleum
- Fiji
  - Sugar
- Papua New Guinea
  - Copper

OPEC

- Algeria
- Ecuador
- Gabon
- Indonesia
- Iran
- Iraq
- Kuwait
- Libya
- Nigeria
- Qatar
- Saudi Arabia
- United Arab Emirates
- Venezuela
  - Crude petroleum


The Bahamas
Jamaica
Barbados
Venezuela
Trinidad and Tobago
Panama
Guyana
Colombia
Ecuador
Chile
Morocco
Algeria
Libya
Mali
Niger
Chad
The Gambia
Nigeria
Sierra Leone
Liberia
Ghana
Togo
C.A.R.
Gabon
Congo
Rwanda
Zaire
Burundi
Angola
Zambia
Malawi
Somalia
Mauritius
Syria
Iraq
Iran
Kuwait
Qatar
U.A.E.
Saudi Arabia
Oman
Yemen (Sanaa)
Brunei (U.K.)
Indonesia
Papua New Guinea
Fiji
▨ OPEC
☐ One commodity provides more than 50% of export earnings

Boundary representation is not necessarily authoritative.

African, Caribbean and Pacific Group

The European Economic Community (EEC) has special economic relations with 58 developing countries known as the African, Caribbean and Pacific (ACP) Group of States. Created in 1975 through the Lome Convention, the original members were former colonies of the EEC constituents. The convention provides for free entry into the European Common Market of ACP manufactured goods and many agricultural products. Members also have attempted to relieve the problem of fluctuating markets and prices for commodities important to ACP members.

ACP and EEC Members

ACP

Africa

Benin
Botswana
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Djibouti
Equatorial Guinea
Ethiopia
Gabon
The Gambia
Ghana
Guinea
Guinea-Bissau
Ivory Coast
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
Sudan
Swaziland
Tanzania
Togo
Uganda
Upper Volta
Zaire
Zambia

Caribbean

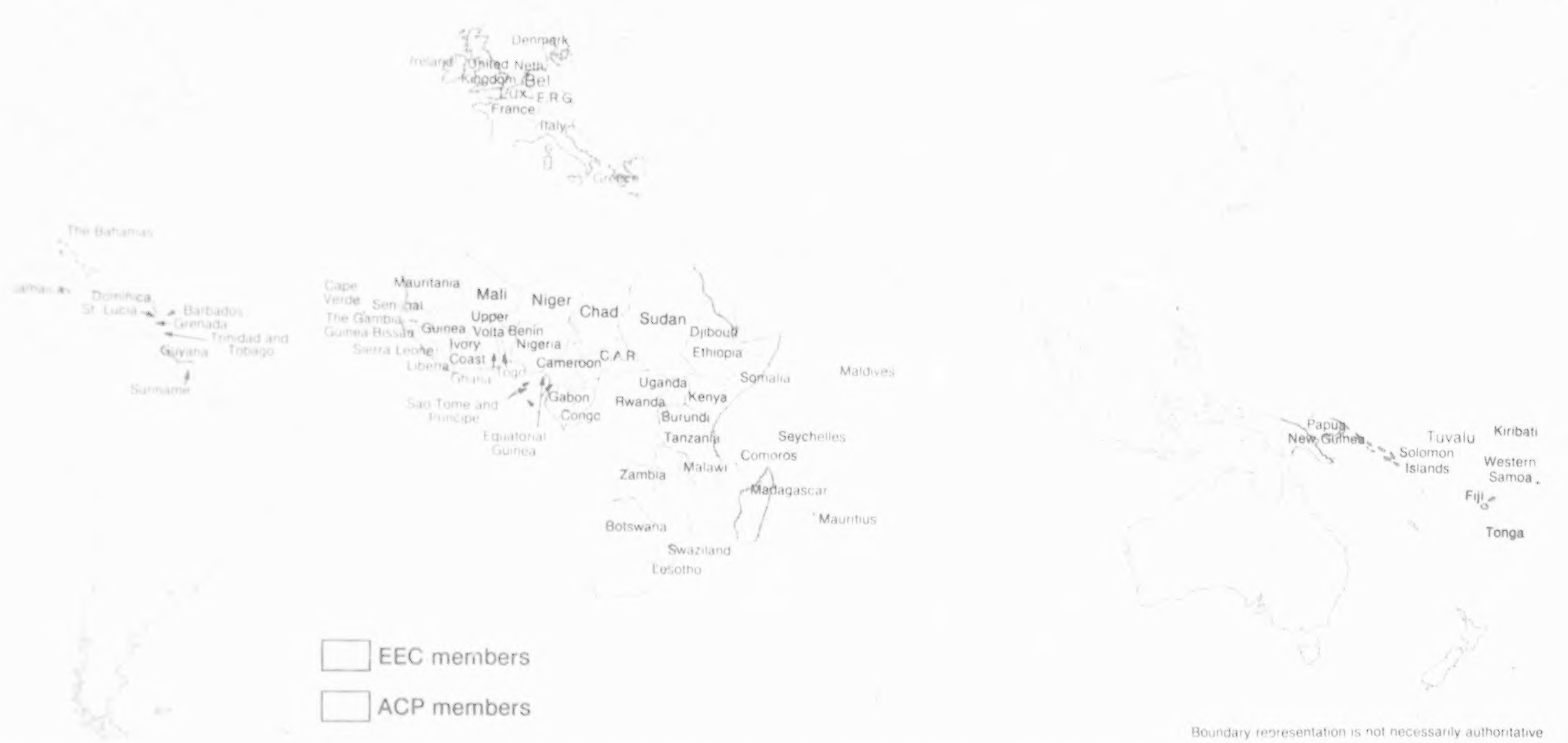
The Bahamas
Barbados
Dominica
Grenada
Guyana
Jamaica
St. Lucia
Suriname
Trinidad and Tobago

Pacific

Fiji
Kiribati
Papua New Guinea
Solomon Islands
Tonga
Tuvalu
Western Samoa

EEC

Belgium
Denmark
France
West Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
United Kingdom


Denmark
Ireland
United Kingdom
Neth.
Bel.
Lux.
F.R.G.
France
Italy
Greece
The Bahamas
Jamaica
Dominica
St. Lucia
Barbados
Grenada
Trinidad and Tobago
Guyana
Suriname
Cape Verde
Mauritania
Senegal
The Gambia
Guinea-Bissau
Guinea
Sierra Leone
Liberia
Mali
Upper Volta
Ivory Coast
Ghana
Togo
Benin
Niger
Nigeria
Chad
Sudan
Cameroon
C.A.R.
Djibouti
Ethiopia
Somalia
Sao Tome and Principe
Equatorial Guinea
Gabon
Congo
Uganda
Kenya
Rwanda
Burundi
Tanzania
Zambia
Malawi
Seychelles
Comoros
Madagascar
Mauritius
Maldives
Botswana
Swaziland
Lesotho
Papua New Guinea
Solomon Islands
Tuvalu
Kiribati
Western Samoa
Fiji
Tonga
EEC members
ACP members

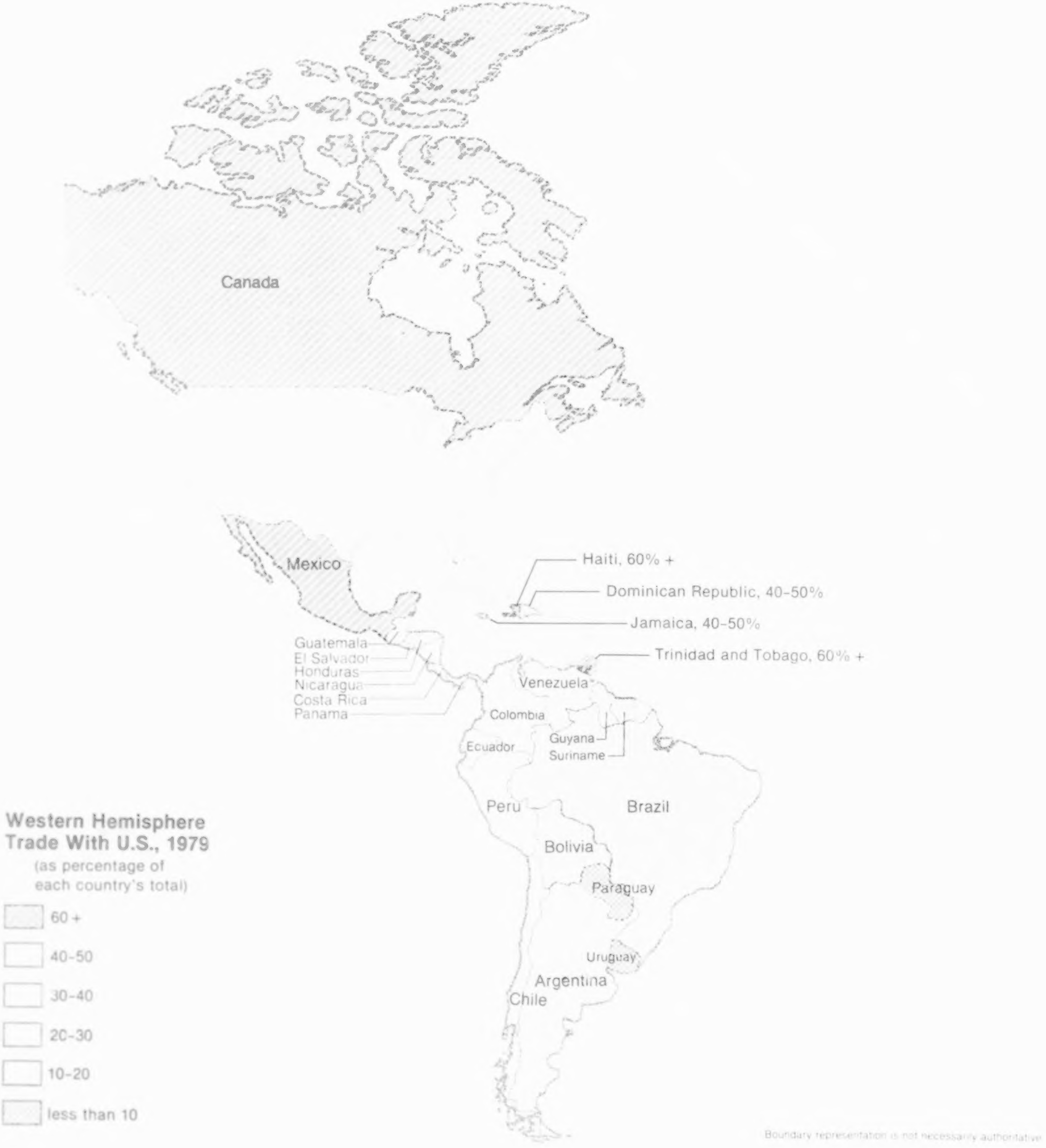
Boundary representation is not necessarily authoritative

Western Hemisphere Trade with the United States, 1979

The United States is the destination of about one-third of the total exports of Canada and the Latin American and Caribbean nations, and these countries account for more than 30% of U.S. exports. The only Western Hemisphere countries of which the United States is not the major trading partner are Argentina, Guyana, Paraguay, Uruguay, and Cuba. (About two-thirds of Cuba's trade is with the U.S.S.R. and other centrally planned economies.)

Note: Not included in these calculations are The Bahamas, Bermuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, and all dependencies.

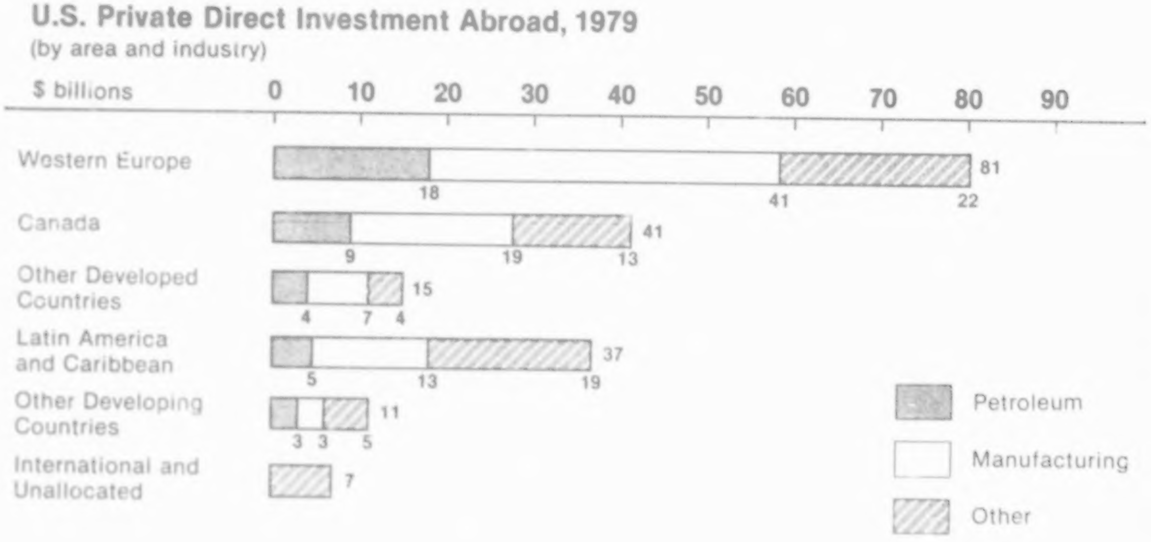
Source: International Monetary Fund, *Direction of Trade Yearbook, 1980*

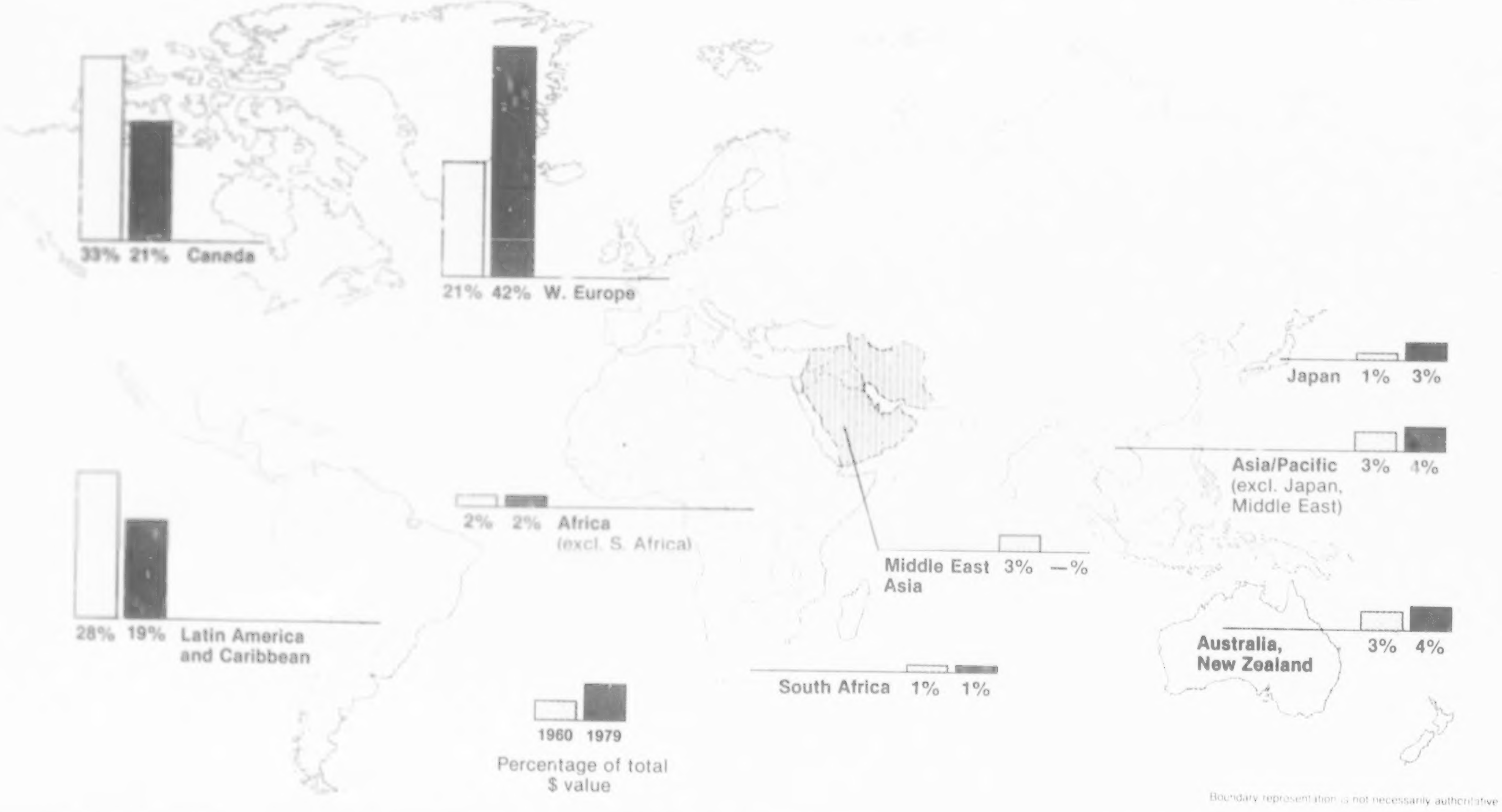

Canada
Mexico
Haiti, 60% +
Dominican Republic, 40-50%
Jamaica, 40-50%
Trinidad and Tobago, 60% +
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Venezuela
Colombia
Guyana
Suriname
Ecuador
Peru
Brazil
Bolivia
Paraguay
Uruguay
Argentina
Chile
Western Hemisphere Trade With U.S., 1979
(as percentage of each country's total)
60 +
40-50
30-40
20-30
10-20
less than 10
Boundary representation is not necessarily authoritative

U.S. Private Direct Investment Abroad, 1960 and 1979

Although the United States continues to be the largest source of foreign direct investment, the rapid growth of Japanese and European investment abroad after 1960 caused the U.S. share of the world total to fall from over 60% in 1961–67 to less than 30% in 1974–78. In the 1960s, U.S. firms invested heavily in the European Economic Community in order to take advantage of Europe's high growth potential and to avoid tariffs by manufacturing within the community.

Source: U.S. Department of Commerce, *Statistical Abstract of the United States*, 1980; *Survey of Current Business*, August 1980, February 1981


U.S. Private Direct Investment Abroad, 1979
(by area and industry)



33% 21% Canada
21% 42% W. Europe
Japan 1% 3%
Asia/Pacific (excl. Japan, Middle East) 3% 4%
2% 2% Africa (excl. S. Africa)
Middle East Asia 3% —%
28% 19% Latin America and Caribbean
South Africa 1% 1%
Australia, New Zealand 3% 4%
1960 1979
Percentage of total $ value
Boundary representation is not necessarily authoritative

Size and Organization

19. The MFO shall consist of a headquarters, three infantry battalions totalling not more than 2,000 troops, a coastal patrol unit and an observer unit, an aviation element and logistics, and signal units.

20. The MFO units will have standard armament and equipment appropriate to their peacekeeping mission as stipulated in this Annex.

21. The MFO headquarters will be organized to fulfill its duties in accordance with the Treaty and this Annex. It shall be manned by staff-trained officers of appropriate rank provided by the troop contributing nations as part of their national contingents. Its organization will be determined by the Commander, who will assign staff positions to each contributor on an equitable basis.

Reports

22. The Commander will report findings simultaneously to the Parties as soon as possible, but not later than 24 hours, after a verification or after a violation has been confirmed. The Commander will also provide the Parties simultaneously a monthly report summarizing the findings of the checkpoints, observation posts, and reconnaissance patrols.

23. Reporting formats will be worked out by the Commander with the Parties in the Joint Commission. Reports to the Parties will be transmitted to the liaison offices to be established in accordance with paragraph 31 below.

Financing, Administration, and Facilities

24. The budget for each financial year shall be prepared by the Director-General and shall be approved by the Parties. The financial year shall be from October 1 through September 30. Contributions shall be paid in U.S. dollars, unless the Director-General requests contributions in some other form. Contributions shall be committed the first day of the financial year and made available as the Director-General determines necessary to meet expenditures of the MFO.

25. For the period prior to October 1, 1981, the budget of the MFO shall consist of such sums as the Director-General shall receive. Any contributions during that period will be credited to the share of the budget of the contributing state in Financial Year 1982, and thereafter as necessary, so that the contribution is fully credited.

26. The Director-General shall prepare financial and administrative regulations consistent with this Protocol and submit them no later than December 1, 1981, for the approval of the Parties. These financial regulations shall include a budgetary process which takes into account the budgetary cycles of the contributing states.

27. The Commander shall request the approval of the respective Party for the use of facilities on its territory necessary for the proper functioning of the MFO. In this connection, the respective Party, after giving its approval for the use by the MFO of land or existing buildings and their fixtures, will not be reimbursed by the MFO for such use.

Responsibilities of the Joint Commission Prior to Its Dissolution

28. In accordance with Article IV of the Appendix to Annex I, the Joint Commission will supervise the implementation of the arrangements described in Annex I and its Appendix, as indicated in subparagraphs b, c, h, i, and j of paragraph 3 of Article IV.

29. The Joint Commission will implement the preparations required to enable the Liaison System to undertake its responsibilities in accordance with Article VII of Annex I.

30. The Joint Commission will determine the modalities and procedures for the implementation of Phase Two, as described in paragraph 3(b) of Article I of Annex I, based on the modalities and procedures that were implemented in Phase One.

Liaison System

31. The Liaison System will undertake the responsibilities indicated in paragraph 1 of Article VII of Annex I, and may discuss any other matters which the Parties by agreement may place before it. Meetings will be held at least once a month. In the event that either Party or the Commander requests a special meeting, it will be convened within 24 hours. The first meeting will be held in El-Arish not later than two weeks after the MFO assumes its functions. Meetings will alternate between El-Arish and Beer Sheba, unless the Parties otherwise agree. The Commander shall be invited to any meeting in which subjects concerning the MFO are discussed, or when either Party requests MFO presence. Decisions will be reached by agreement of Egypt and Israel.

32. The Commander and each chief liaison officer will have access to one another in their respective offices. Adequate procedures will be worked out between the Parties with a view to facilitating the entry for this purpose of the representatives of either Party to the territory of the other.

Privileges and Immunities

33. Each Party will accord to the MFO the privileges and immunities indicated in the attached Appendix.

Schedule

34. The MFO shall assume its functions at 1300 hours on April 25, 1982.

35. The MFO shall be in place by 1300 hours, on March 20, 1982.

APPENDIX

Definitions

1. The "Multinational Force and Observers" (hereinafter referred to as "the MFO") is that organization established by the Protocol.

2. For the purposes of this Appendix, the term "Member of the MFO" refers to the Director-General, the Commander and any person, other than a resident of the Receiving State, belonging to the military contingent of a Participating State or otherwise under the authority of the Director-General, and his spouse and minor children, as appropriate.

3. The "Receiving State" means the authorities of Egypt or Israel as appropriate, and the territories under their control. "Government authorities" includes all national and local, civil and military authorities called upon to perform functions relating to the MFO under the provisions of this Appendix, without prejudice to the ultimate responsibility of the Government of the Receiving State.

4. "Resident of the Receiving State" includes (a) a person with citizenship of the Receiving State, (b) a person resident therein, or (c) a person present in the territory of the Receiving State other than a member of the MFO.

5. "Participating State" means a State that contributes personnel to the MFO.

Duties of members of the MFO in the Receiving State:

6. (a) Members of the MFO shall respect the laws and regulations of the Receiving State and shall refrain from any activity of a political character in the Receiving State and from any action incompatible with the international nature of their duties or inconsistent with the spirit of the present arrangements. The Director-General shall take all appropriate measures to ensure the observance of these obligations.

(b) In the performance of their duties for the MFO, members of the MFO shall receive their instructions only from the Director-General and the chain of command designated by him.

(c) Members of the MFO shall exercise the utmost discretion in regard to all matters relating to their duties and functions. They shall not communicate to any person any information known to them by reason of their position with the MFO which has not been made public, except in the course of their duties or by authorization of the Director-General. These obligations do not cease upon the termination of their assignment with the MFO.

(d) The Director-General will ensure that in the Standing Operating Procedures of the MFO, there will be arrangements to avoid accidental or inadvertent threats to the safety of MFO members.

Entry and exit: Identification

7. Individual or collective passports shall be issued by the Participating States for members of the MFO. The Director-General shall notify the Receiving State of the names and scheduled time of arrival of MFO members, and other necessary information. The Receiving State shall issue an individual or collective multiple entry visa as appropriate prior to that travel. No other documents shall be required for a member of the MFO to enter or leave the Receiving State. Members of the MFO shall be exempt from immigration inspection and restrictions on entering or departing from the territory of the Receiving State. They shall also be exempt from any regulations governing the residence of aliens in the Receiving State, including registration, but shall not be considered as acquiring any right to permanent residence or domicile in the Receiving State. The Receiving State shall also provide each member of the Force with a personal identity card prior to or upon his arrival.

8. Members of the MFO will at all times carry their personal identity cards issued by the Receiving State. Members of the MFO may be required to present, but not to surrender, their passport or identity cards upon demand of an appropriate authority of the Receiving State. Except as provided in paragraph 7 of this Appendix, the passport or identity card will be the only document required for a member of the MFO.

9. If a member of the MFO leaves the services of the Participating State to which he belongs and is not repatriated, the Director-General shall immediately inform the authorities of the Receiving State, giving such particulars as may be required. The Director-General shall similarly inform the authorities of the Receiving State of any member of the MFO who has absented himself for more than twenty-one days. If an expulsion order against the ex-member of the MFO has been made, the Director-General shall be responsible for ensuring that the person concerned shall be received within the territory of the Participating State concerned.

Jurisdiction

10. The following arrangements respecting criminal and civil jurisdiction are made having regard to the special functions of the MFO and not for the personal benefit of the members of the MFO. The Director-General shall cooperate at all times with the appropriate authorities of the Receiving State to facilitate the proper administration of justice, secure the observance of laws and regulations, and prevent the occurrence of any abuse in connection with the privileges, immunities, and facilities mentioned in this Appendix.

Criminal jurisdiction

11. (a) Military members of the MFO and members of the civilian observer group of the MFO shall be subject to the exclusive jurisdiction of their respective national states in respect of any criminal offenses which may be committed by them in the Receiving State. Any such person who is charged with the commission of a crime will be brought to trial by the respective Participating State, in accordance with its laws.

(b) Subject to paragraph 25, other members of the MFO shall be immune from the criminal jurisdiction of the Receiving State in respect of words spoken or written and all acts performed by them in their official capacity.

(c) The Director-General shall obtain the assurances of each Participating State that it will be prepared to take the necessary measures to assure proper discipline of its personnel and to exercise jurisdiction with respect to any crime or offense which might be committed by its personnel. The Director-General shall comply with requests of the Receiving State for the withdrawal from its territory of any member of the MFO who violates its laws, regulations, customs, or traditions. The Director-General, with the consent of the Participating State, may waive the immunity of a member of the MFO.

(d) Without prejudice to the foregoing, a Participating State may enter into a supplementary arrangement with the Receiving State to limit or waive the immunities of its members of the MFO who are on periods of leave while in the Receiving State.

Civil jurisdiction

12. (a) Members of the MFO shall not be subject to the civil jurisdiction of the courts of the Receiving State or to other legal process in any matter relating to their official duties. In a case arising from a matter relating to official duties and which involves a member of the MFO and a resident of the Receiving State, and in other disputes as agreed, the procedure provided in paragraph 38(b) of this Appendix shall apply to the settlement.

(b) If the Director-General certifies that a member of the MFO is unable because of official duties or authorized absence to protect his interests in a civil proceeding in which he is a participant, the court or authority shall at his request suspend the proceeding until the elimination of the disability, but for not more than ninety days. Property of a member of the MFO which is certified by the Director-General to be needed by him for the fulfillment of his official duties shall be free from seizure for the satisfaction of a judgment, decision, or order, together with other property not subject thereto under the law of the Receiving State. The personal liberty of a member of the MFO shall not be restricted by a court or other authority of the Receiving State in a civil proceeding, whether to enforce a judgment, decision, or order, to compel an oath of disclosure, or for any other reason.

(c) In the cases provided for in subparagraph (b) above, the claimant may elect to have his claim dealt with in accordance with the procedure set out in paragraph 38(b) of this Appendix. Where a claim adjudicated or an award made in favor of the claimant by a court of the Receiving State or the Claims Commission under paragraph 38(b) of this Appendix has not been satisified, the authorities of the Receiving State may, without prejudice to the claimant's rights, seek the good offices of the Director-General to obtain satisfaction.

Notification: certification

13. If any civil proceeding is instituted against a member of the MFO, before any court of the Receiving State having jurisdiction, notification shall be given to the Director-General. The Director-General shall certify to the court whether or not the proceeding is related to the official duties of such member.

Military police: arrest: transfer of custody and mutual assistance

14. The Director-General shall take all appropriate measures to ensure maintenance of discipline and good order among members of the MFO. To this end military police designated by the Director-General shall police the premises referred to in paragraph 19 of this Appendix, and such areas where the MFO is functioning.

15. The military police of the MFO shall immediately transfer to the civilian police of the Receiving State any individual, who is not a member of the MFO, of whom it takes temporary custody.

16. The police of the Receiving State shall immediately transfer to the MFO any member of the MFO, of whom it takes temporary custody, pending a determination concerning jurisdiction.

17. The Director-General and the authorities of the Receiving State shall assist each other concerning all offenses in respect of which either or both have an interest, including the production of witnesses, and in the collection and production of evidence, including the seizure and, in proper cases, the handing over, of things connected with an offense. The handing over of any such things may be made subject to their return within the time specified by the authority delivering them. Each shall notify the other of the disposition of any case in the outcome of which the other may have an interest or in which there has been a transfer of custody under the provisions of paragraphs 15 and 16 of this Appendix.

18. The government of the Receiving State will ensure the prosecution of persons subject to its criminal jurisdiction who are accused of acts in relation to the MFO or its members which, if committed in relation to the forces of the Receiving State or their members, would have rendered them liable to prosecution. The Director-General will take the measures within his power with respect to crimes or offenses committed against citizens of the Receiving State by members of the MFO.

We are considering such things as enlarging the sphere of responsibility for the UNIFIL (U.N. Interim Force in Lebanon) contingent along the Israeli border. We are considering specific measures along with those states which can help—both in the region and in Europe—to strengthen the central government of Lebanon; and these reinforce previous actions we have been taking with respect to that objective which has been long held by the U.S. Government.

We feel and hope that in the interest of peace and stability in Lebanon all responsible parties will recognize the need to defuse the situation with respect to the provision of heavy armaments to the PLO. We would look especially to the Soviet Union, to Libya, perhaps Syria. In the long run I think this process, which has already begun and has managed to survive two specific crises, is a very encouraging development in the Middle East at large; and that is what triggered my comment to the Arab ambassadors recently.

Q. Could you be more specific about your phrase that the two men discussed steps to provide new impetus to the talks? Specifically what steps? And, also, could you tell us about Mr. Sadat's three-point scenario that he was going to propose to Administration officials?

A. His three-point scenario?

Q. He spoke of a three-point scenario.

A. I'll have to go back to my office and start counting becuase I'm not sure that I got that clear.

Q. Maybe it wasn't three points, but it was a new scenario.

A. I think, as President Reagan mentioned this morning, he was essentially in a listening mode. As you know, President Sadat's visit is the first visit we had this summer and in September Prime Minister Begin will be here. So President Reagan listened carefully, not only to President Sadat's views but also very carefully to the historic evolution of developments which brought us to the current situtation we find ourselves in.

This was extremely valuable to President Reagan, and he very clearly told President Sadat. And I think President Sadat not only expected but accepted and agreed with the need to now listen to Prime Minister Begin on how we can proceed, then reassess and meet at the necessary levels to try to concert all three parties in progress. We're talking about autonomy talks within the Camp David framework.

Q. Following up on that, from what you heard from President Sadat and what you know of Mr. Begin's position, could you tell us if there is support for an early resumption of the autonomy talks?

A. Yes.

Q. And can you give us some sense of timing on that?

A. Well, clearly, I think my last question tended to answer it. We will have to conduct discussions with Prime Minister Begin, of course, and then assess where we stand with respect to the views of both Egypt and Israel.

Q. Is there a possibility of a non-PLO participation by the Palestinians which might square this circle which you appear to be involved in?

A. Let me just go back to the Camp David accords themselves which visualize Palestinian participation. Palestinian inhabitants on the West Bank and Gaza clearly will have a role; and this is visualized under what I call a Camp David framework, which I emphasize is a realistic approach to progress toward longer-term objectives.

Q. In the real world as it exists today, is there a non-PLO Palestinian-type participation possible?

A. I think, as I say, that is both within the framework and the spirit of the Camp David accords, in the context of the West Bank inhabitants and the Gaza inhabitants.

Q. On the Sinai force, did you get into specific countries? And, if so, can you name them? And what progress are you making with Canada, Australia, New Zealand for example? And when do you expect to announce those countries?

A. I'm going to have to refrain from labeling or giving a progress report on the conduct of the discussions which are seeking participation in that force, because it tends to put it in jeopardy. I am confident it will be announced when it's firm.

Q. I'm confused. Did President Sadat lay out a scenario here—that is, at least his own ideas about how to get the talks going again, and not only to get the talks going again but how to get some progress?

A. Of course.

Q. And, if so, can you tell us something about what it is?

A. No, I don't think it serves any useful purpose to do that, and I don't think President Sadat would expect that we would do it publicly. There was a very clear and frank exchange on how President Sadat sees progress. But I want to make it clear that he knows and recognizes, and did in the discussions, that we now have to hear how Mr. Begin would approach the problem in the direction of progress. Until then it would serve no purpose to reveal one side's views.

Q. Could you anticipate a three-way summit at some point this year, following your talks with Prime Minister Begin?

A. I think it's too early to say. Clearly, we have to hear the views of both sides. We would probably have to discuss this at ministerial level. And I wouldn't anticipate a summit-level meeting until we knew precisely what would be achieved by it and what the outcome would be, and I think both President Sadat and President Reagan were very, very clear on this—the need to have preparations in place rather than to convene an ad hoc situation, the outcome of which you would not be able to anticipate.

Q. As you know, there has been over the years a good deal of debate over the exact terms of the 1975 pledge to Israel regarding the PLO, exactly how far it goes. I believe it says the United States will not negotiate with or recognize the PLO as long as they don't do these things that are called for. Do you see any room for accomplishing Mr. Sadat's objective of encouraging moderation on the PLO by doing something that doesn't go so far as to negotiate with or recognize, but some kind of lesser U.S. maneuver or action or reciprocal move toward the PLO?

A. No. I think the conditions are very clear and they are understood. Having said that, it is also clear that the PLO is well aware of that and has been aware of it in the context of the situation in Lebanon. So maybe you've answered your own question.

Q. You talked about a "strategic consensus." Would you please, define for me what the strategic consensus is in the Middle East and who agrees with your assessment of it, once you have given us the assessment?

A. It's presumptious of me to say who agrees or doesn't agree. What I think we're talking about when we discuss a strategic consensus is a great deal of concern over and above the frustrations and concerns associated with the Arab-Israeli dispute, with the unsettlement brought about by historic change which has been and can in the future be even more dramatically exploited by the Soviet Union or its surrogates. A large number of the Arab states today are extremely aware of that, and that awareness has been heightened by a number of events in the recent past: the fall of the Shah of Iran, and what they perhaps view as the United States own inadequacies during that period; secondly, the conflict between Iran and Iraq which followed it; thirdly, the Soviet invasion of Afghanistan and the threat that it poses in a regional sense; and fourthly, the unchallenged and very worrisome aspects of Angola, Ethiopa, and Southern Yemen in the attack against Northern Yemen.

All of these things have heightened the awareness of the leaders in the area to the reality that they are not only faced with the frustrations of the Arab-Israeli problem and the threat that has historically posed, but they are equally—and perhaps as greviously—threatened by the other events that I spoke of.

In that context, as we deal with that external-threat problem or that surrogate-threat problem and concert to deal with it, we also contribute to conditions which make the solution to the longstanding Middle East dilemmas somewhat more tractable, just as progress in that Middle East peace process facilitates the development of this consensus.

You say, "Who accepts it?" Clearly, President Sadat not only accepts it but he was a leader in expressing his concern in this area. He was at the forefront of warning the world about these situations.

Q. From the feedback you have received so far through indirect contacts and direct contacts, do you believe that Saudi Arabia would be ready to enter the peace process during the coming phase?

A. I can't speak for Saudi Arabia. Their earlier position on the Camp David accords is well known. On the other hand, I would be remiss were I not to note and highlight the great assistance they have been—and I mean in a fundamental way—to the moderating progress we've made in Lebanon.

Q. Do you think there's a change in the stance of the Saudis at present?

A. I wouldn't want to speak for the Saudis on that.

Q. As you described President Sadat's approach on the PLO, he urged us to begin contacts with the PLO and President Reagan referred to the 1975 pledge and the matter was dropped. I just wonder whether there might not have been more to it than that and whether President Sadat suggested that the PLO was about to take some step toward accepting 242 or that you should deal with them through Saudi Arabia or some other way that's not quite black and white.

A. No, he didn't, but you remember there are ways and ways. We know, under Camp David. We expect Palestinian, as distinct from PLO, participation in Camp David. That's as visualized in the accords themselves. There are other aspects of that, direct and indirect, which were discussed but in a very general way.

Q. Could you please amplify for us or reiterate as to the U.S. position with regard to several points which have not been mentioned? One is, as I remember it, you had described the PLO as a terrorist organization without qualification—which is in line with the President's own statement before and after his election.

Two, the United States has been—apparently, at least—committed for several years now against a Palestinian state in any shape or form on the West Bank and Gaza. Would you comment on those two points? And then the third point is about the facilities for the U.S. military in Egypt.

A. Let me start with the easiest first, and that's the last one. As you know, President Sadat has offered Egyptian facilities—and I'm being very clear in making a distinction between facilities and bases—to American forces. He has made public a letter to President Reagan offering Ras Banas. And we are in the process of seeking the necessary support from the American Congress to give us the resources to develop that facility—as a facility, not as a base.

With respect to the other questions you asked, they are old historic hookers. I think, again, I would refer you to what I've already said as the framework of our discussions—and I've been precise about what the framework of our discussions was—and just leave it there.

Q. There has been a great deal of talk here today about Soviet surrogates. Do you consider the PLO to be a Soviet surrogate?

A. I would prefer not to classify them as that. I think there are certain elements of the PLO that would clearly fit under that mantle. But when you talk of the PLO, you're talking about a diverse group and organization, some of the differences of which may be evident in the very recent past.

Q. Was the Egyptian President told when the F-16s would be going to Israel?

A. I don't think he was, because a decision hasn't been made.

Q. On the resumption of autonomy talks, I just want to make sure we understand what you are saying. Was there an agreement or a statement by the President that the United States would like to see the three-way autonomy talks resumed in about the same type of format that existed in the last Administration—that is, the last time they were held? And, secondly, have you decided in your own mind how the United States should handle that? Do you have in mind a special envoy, do you plan to do it yourself, or what?

A. I think the essence of that question is that there were two approaches under the Camp David framework for the autonomy talks. Initially, the United States, under Ambassador Strauss, tended to join a process in which a very detailed set of arrangements were sought. That seemed to be a reflection more of the Israeli wish than it was the Egyptian wish. That seemed to stall out. During Ambassador Linowitz' period, there seemed to be more pressure for going toward some broad principles. And, of course, we haven't made a decision on this.

I don't see any difference developing from past viewpoints in Israel on one side and Egypt on the other. I think the important thing is that whatever we ultimately seek to adopt—more detailed or rather broad principles, which seem somewhat easier in a sense—it must be a reflection of a three-way consensus that it's the best hope for the progress we seek.

With respect to a negotiator or a high-level U.S. representative, I think it's too early to say. We will clearly make that decision on our own judgment and on the judgment of the other two mation. We have established a special office, the Special Program and Liaison Staff, within the State Department to manage all facets of this program. Recently I attended a conference in Panama of security officers from all Latin American posts. We discussed all aspects of embassy security in the region, including the special security enhancement program.

The Department has already conducted comprehensive security enhancement surveys at 25 most seriously threatened posts. Major construction is about to begin in San Salvador, and other construction projects have been started at a number of other posts. Further major construction work will be contracted and begun within the next several months. In addition, since September 1980, the Department has funded security requirements amounting to over $20 million at some 116 Foreign Service posts.

Contingency Planning and Incident Management

However, even with the most appropriate security measures, we will not be able to prevent every act of terrorism directed against us. We have, therefore, developed a systematic program of contingency planning and preparedness testing, both in Washington and in the field, to upgrade our readiness and to insure that we are not caught unaware and unprepared in a future terrorist attack.

In order to make certain that we are able to react effectively in any future Tehran-type or other terrorist incident, we have:

- Made certain that our embassies and consulates have contingency plans for dealing with terrorist incidents—these include hostage and hijacking plans;
- Asked all our embassies to work out special coordination and mutual help procedures with our closest allies;
- Instructed all ambassadors to review their internal defense plans, particularly command and control procedures for the use of lethal force, and we have encouraged them to hold regular drills of these procedures;
- Authorized all our missions to inform host governments of our policy in hostage events—particularly the no-concession aspects of that policy—and to urge governments to adopt a similar stance; and
- Instituted an expanded 2-day course on "Coping with Violence Abroad." This course, which includes segments on hostage survival, bomb recognition, and residential security, among other topics, is required for all State, Agency for International Development, and U.S. International Communication Agency personnel assigned overseas, and we have strongly urged other agencies whose personnel are assigned to our overseas missions to have those employees attend the course. It is designed to enable our personnel to make an individual contribution to the deterrence of terrorism through security awareness and to prepare them for the personal trauma of victimization by terrorists should they be attacked. The course has met with a favorable reaction from those who have taken it. I would be happy to invite members of this committee or staff to attend the course as observers should you think it useful.

We are undertaking urgent efforts to upgrade our lookout and forged document identification procedures at our overseas posts and ports of entry. These systems were designed to screen out customs and immigration violators. We are modifying them to enable us to detect terrorists who might attempt to enter the United States.

We have also recently conducted a number of domestic and international incident-management exercises which have tested our ability to respond to terrorist attacks. These realistic exercises have enhanced our confidence in our crisis management capabilities. We would be happy to brief the committee on a classified basis on these exercises and their results.

In an effort to improve management and resource utilization in the counterterrorism and security areas, the Department is considering alternative organizational arrangements. The Secretary and the Deputy Secretary already have directed that the Office for Combatting Terrorism report directly to me as the Under Secretary for Management. This means that planning and policy, as reflected in the counterterrorism office, and the resources for response to threats represented in the security office, will both be under single jurisdiction. We are now looking at ways in which we may further integrate these activities with a view to enhance our capability to identify and respond to the terrorist threat. As our deliberations go forward, we will keep the committee informed.

International Cooperation

Combatting terrorism is not a task for the United States alone. The problem is too complex and universal to be dealt with by one nation. We are committed to working with other nations to establish a peaceful and stable world order, in which we may be free from the threat of political violence. Let me outline some of the elements of our program of international initiatives to combat terrorism and comment upon a few of the steps which we and like-minded nations are already taking to deter and prevent terrorist violence.

First, as the President and Secretary Haig have noted, this Administration has given high priority to combatting international terrorism. We are making a major effort both publicly and in traditional diplomatic channels to demonstrate to the other nations of the world the seriousness with which the United States views this problem and its implications for world peace and stability. We have spoken out to condemn the practice of terror and to make clear to those who facilitate terrorism that violent attacks on innocent persons are beyond the bounds of civilized behavior and must be outlawed. We are working with the international community to establish a consensus under international law to bring to justice all those who commit terrorist attacks. Within the United Nations, the United States has encouraged and supported all the various conventions that deal with international terrorism, beginning with our 1972 initiative to develop a broad international convention against the export of terrorism. Since that time, the United States has worked actively for the adoption of conventions outlawing terrorist acts: The Hague Convention Against Hijacking, the Montreal Convention Against Aircraft Sabotage, the New York Convention for the Prevention and Punishment of Crimes Against Internationally Protected Persons, the Convention on Physical Protection of Nuclear Materials, and the Convention Against the Taking of Hostages. We have encouraged all nations to become parties to these conventions. Over 100 countries have become parties to both The Hague and Montreal conventions.

Our support for these conventions demonstrates our traditional national commitment to the rule of law. Terrorist acts are illegitimate criminal acts, which can be deterred through swift and appropriate judicial action. These conventions, by establishing in international law recognized norms for behavior, operate to discourage nations which would condone terrorists.

Two measures are now pending before this committee which will contribute to this effort. The Administration urges that the committee promptly consider and report these conventions to the Senate. We hope for expeditious advice and consent to their ratification.

The International Convention Against the Taking of Hostages was signed by the United States in December 1979. This convention, originally an initiative of the Federal Republic of Germany, imposes binding legal obligations on state parties either to extradite, or submit to their competent authorities for prosecution, alleged hostage-takers found within their jurisdictions. A state must comply with this obligation without regard to where the alleged hostage-taking was committed. States parties to the convention are obligated to cooperate in preventing hostage-taking by means of internal protective measures, exchange of information, and coordination of enforcement activities.

Although the penal codes of most countries contain provisions proscribing assault, extortion, kidnapping, and other serious crimes inherent in hostage-taking, this is the first time a legal mechanism has been created to insure the punishment of offenders wherever they are found and cooperation among countries to prevent hostage-taking.

The second measure, the Convention on the Physical Protection of Nuclear Material, establishes a similar scheme to insure that those who commit serious offenses involving nuclear material will be punished. It also provides for an increased measure of international cooperation in providing security for nuclear material. This convention was a U.S. initiative, first proposed in 1974 and successfully negotiated at meetings at International Atomic Energy headquarters between 1977 and 1979. The United States signed the convention on March 3, 1980, and it was promptly submitted to the Senate for advice and consent to ratification. We believe it is important for the Senate to act quickly on the convention, not only because such leadership is appropriate on a matter that was a U.S. proposal initially but also because the convention fills a key gap in the current international structure dealing with the physical protection of nuclear material from theft or other criminal misuse by terrorists or others.

The convention provides for physical security during international nuclear transport and international cooperation in recovering stolen nuclear material. Following the precedents of The Hague, Montreal, and protection of diplomats conventions, it defines serious offenses involving nuclear material. States parties are to make these offenses punishable and subject to a system of extradition or submission for prosecution. As a former Commissioner of the Nuclear Regulatory Commission, I can attest personally to the importance to our national interest of becoming a party to this convention.

Both conventions will require implementing legislation to enable the United States to comply with the obligations we have undertaken. The Administration's proposal for implementing legislation of the Convention on the Physical Protection of Nuclear Materials, submitted to the Senate on April 7, is currently before the Judiciary Committee. Proposed implementing legislation for the hostages convention will be forwarded shortly to the Congress.

In addition to these two measures, we consider that implementation of the Montreal Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation is a matter of great priority. The United States ratified this important convention in 1972, but it has not been fully implemented by appropriate amendments to U.S. law. Implementing provisions are contained in two bills pending before the Senate, S. 635 and S. 873. However, it is our view that these provisions should be considered separately and promptly enacted. We will be working with Congress to attain this objective.

As long as we fail to implement our obligations under the Montreal convention, in certain limited circumstances we would be unable to prosecute or extradite alleged offenders whose acts were committed beyond our territorial jurisdiction. We freely undertook this obligation by ratifying the convention, and it is essential that we have the ability to comply fully with those obligations.

In addition to these conventions, we are undertaking other steps to enhance the degree of international consensus and cooperation against terrorism. Recently, we have consulted extensively with our economic summit partners on the implications of the recent rash of terrorist hijackings in light of the Bonn antihijacking declaration of 1978 and on measures under that declaration. We will be discussing terrorism and further joint steps to combat it with our economic summit partners in Ottawa later this year.

Over the next few months, we will also be working strenuously toward possible U.N. action on terrorism. The U.N. General Assembly will be considering this fall both the general problem of terrorism and the specific issue of protection of diplomatic personnel and premises. Through contact groups of like-minded countries, we will be seeking additional adherences to existing conventions. We will also be exploring ways to make these conventions more effective and considering whether additional conventions are needed to cover other categories of terrorist acts such as assassinations and bombings.

In conclusion, let me once again express my appreciation for the interest of this committee and the Congress in the problem of international terrorism. We are working to find solutions, but the path will be difficult. This complex and difficult problem will not be solved by a single answer. It will require the cooperative efforts of the Administration, the Congress, the American people, and other nations before the cycle of terrorist violence, death, and destruction can be reduced. Ratification of the two international conventions and implementation of the Montreal convention are important and urgently needed contributions in this direction.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Bangladesh
Agreement amending the agreement for sales of agricultural commodities of Aug. 2, 1978 (TIAS 9389), with agreed minutes and related letter. Effected by exchange of letters at Dacca June 26, 1981. Entered into force June 26, 1981.

Canada
Memorandum of understanding concerning cooperation in marine transportation technology and systems research and development. Signed at Ottawa June 18, 1981. Entered into force June 18, 1981.

Treaty on Pacific Coast albacore tuna vessels and port privileges, with annexes. Signed at Washington May 26, 1981.
Senate advice and consent to ratification: July 20, 1981.
Instrument of ratification signed by the President: July 27, 1981.

China
Agreement concerning the enlargement of existing consular districts. Effected by exchange of notes at Beijing June 16, 1981. Entered into force June 16, 1981.

Agreement concerning the establishment of additional consulates general, with annex and related letter. Effected by exchange of notes at Beijing June 16, 1981. Entered into force June 16, 1981.

Egypt
Mapping, charting, and geodesy cooperative and exchange agreement, with annexes. Signed at Washington June 25, 1981. Entered into force provisionally June 25, 1981; definitively, upon completion of constitutional procedures in the Arab Republic of Egypt.

Grant agreement to finance the foreign exchange costs of certain commodities and commodity-related services. Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

Loan agreement to finance the foreign exchange costs of certain commodities and commodity-related services. Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

Agreement amending the agreement for sales of agricultural commodities of Mar. 20, 1979 (TIAS 9683). Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

El Salvador
Agreement amending the agreement for sales of agricultural commodities of Jan. 22, 1981. Signed at San Salvador June 16, 1981. Entered into force June 16, 1981.

France
Memorandum of understanding concerning the operation and maintenance of OMEGA station Le Reunion, with appendices. Signed at Washington June 24, 1981. Entered into force June 24, 1981.

Hungary
Joint statement on the development of agricultural trade and cooperation. Signed at Washington May 13, 1981. Entered into force May 13, 1981.

India
Agreement amending the agreement of Dec. 30, 1977, as amended (TIAS 9036, 9232, 9578, 9663, 9764, 9913), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington June 2 and 11, 1981. Entered into force June 11, 1981.

Israel
Second amendment to agreement of Dec. 3, 1980 (TIAS 9941), as amended, for additional cash transfer assistance. Signed at Washington July 1, 1981. Entered into force July 1, 1981.

Jamaica
Protocol amending the convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Kingston on May 21, 1980, with exchange of notes. Signed at Kingston July 17, 1981. Enters into force upon the exchange of instruments of ratification.

Japan
Agreement extending the Sept. 12, 1977 joint declaration and joint communique for reprocessing of special nuclear material of U.S. origin, as extended (TIAS 8734, 9821). Effected by exchange of notes at Washington June 1, 1981. Entered into force June 1, 1981.

Morocco
Agreement for sales of agricultural commodities, relating to the agreement of May 17, 1976 (TIAS 8309). Signed at Rabat July 3, 1981. Entered into force July 3, 1981.

Pakistan
Agreement for sales of agricultural commodities, relating to the agreement of Mar. 25, 1980 (TIAS 9782), with agreed minutes. Signed at Islamabad June 4, 1981. Entered into force June 4, 1981.

Peru
Agreement extending the agreement of July 24, 1980 (TIAS 9823) to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Dated Aug. 28, 1980; signed at Washington and Lima. Entered into force Oct. 1, 1980.

Seychelles
Agreement amending the agreement of June 29, 1976 (TIAS 8385), relating to the establishment, operation, and maintenance of a tracking and telemetry facility on the island of Mahe. Effected by exchange of notes at Victoria Mar. 16 and June 19, 1981. Entered into force June 29, 1981.

Singapore
Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Singapore May 12 and June 23, 1981. Entered into force June 23, 1981.

Sri Lanka
Agreement amending the agreement of July 7, 1980, as amended (TIAS 9869), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Colombo June 22, 1981. Entered into force June 22, 1981.

United Kingdom
Memorandum of understanding concerning the shared use of communications facilities in the northern F.R.G., with annexes. Signed May 11 and June 2, 1981. Entered into force June 2, 1981.

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[1] Not in force.
[2] With reservation.
[3] Not in force for the U.S.
[4] Ad referendum National Congress.
[5] Subject to ratification.
[6] With statements. ■

July 1981

July 1
Regular summer session of U.N. Economic and Social Council (ECOSOC) is held in Geneva July 1–24, U.S. Ambassador to the U.N., Jeane Kirkpatrick, leads U.S. delegation.

July 2
By a unanimous vote, U.S. Supreme Court rules that former President Jimmy Carter acted legally in clearing transfer of frozen Iranian funds from U.S. banks in negotiating freedom of U.S. hostages. The decision resulted from a suit brought against the U.S. Government by a California-based engineering firm seeking to protect a court award against Iran.

July 7
Pope John Paul II names Bishop Josef Glemp as the new Archbishop of Gniezo and Warsaw and the Primate of Poland to succeed the late Stefen Cardinal Wyszynski.

July 8
U.N. Security Council votes unanimously to admit Vanuatu as the 155th U.N. member state.

July 9
Official results of the Israeli elections show that the Likud bloc takes a one-seat lead over the Labor Party. Likud is awarded 48 seats and Labor 47 of the 120-seat Parliament.

Canadian Prime Minister Pierre-Elliott Trudeau makes official visit to Washington, D.C., July 9–10.

Gaston Thorn, President of the Commission of the European Community, visits Washington, D.C., July 9–13 to meet with the President, Vice President, and other Administration officials.

July 10

Foreign Ministers of Canada, Mexico, and Venezuela, and Secretary Haig and U.S. Trade Representative William E. Brock attend meeting on Caribbean economic cooperation at Nassau, The Bahamas, July 10–12. A joint communique is issued July 11, to begin immediate consultations with Caribbean and Central American governments in an effort to stimulate the social and economic development of the Caribbean Basin area.

The following newly appointed Ambassadors presented their credentials to President Reagan: Lawrence Mfama Mncina of Swaziland, Rinaldo Petrignani of Italy, Chief Abudu Jesufu Eke of Nigeria, Antanraoi Baiteke of Kiribati, and Dr. Refik Jweijeti of Syria.

July 13

U.N. conference on Kampuchea is held in New York July 13–17; Secretary Haig heads U.S. delegation. In its declaration the conference calls for negotiation on a cease-fire by all parties to the conflict in Kampuchea and "withdrawal of all foreign forces from Kampuchea" under U.N. supervision.

July 14

Norwegian Foreign Minister Knut Frydenlund visits New York for a meeting with Secretary Haig to discuss matters of mutual interest.

July 17

British Foreign Secretary Lord Carrington visits Washington, D.C., to discuss international issues with Secretary Haig and other U.S. officials.

July 18

In light of the July 17 Israeli bombing of Beirut, President Reagan asks special emissary to the Middle East, Philip C. Habib, to go to Israel to meet with Prime Minister Begin as the first step in an effort to negotiate a cease-fire across the Lebanon-Israel border.

July 19

Seven-nation economic summit is held in Montebello and Ottawa, Canada, July 19–21. Those nations participating are Canada, U.S., F.R.G., Italy, Japan, U.K., and France. A declaration is issued on July 20 on political issues deploring the "escalation of tension and continuing acts of violence" in the Middle East; expressing concern about the continued buildup of Soviet military power and condemning Soviet military occupation of Afghanistan; supporting the declaration issued at the international conference on Kampuchea expressing their belief that the Kampuchean people have the right to self-determination; and expressing their serious concern over the growing plight of refugees throughout the world. Participants also issue a statement on terrorism.

July 20

U.S. announces its decision to defer shipment of F-16 aircraft to Israel indefinitely because of the escalating level of violence in the Middle East.

July 21

By a unanimous vote, U.N. Security Council adopts a resolution on the current fighting between Israel and Lebanon calling for the "immediate cessation of all armed attacks," reaffirming a commitment to Lebanon's "sovereignty, territorial integrity and independence," and requesting that the Secretary General report to the Council the resolution's implementation within 48 hours from its adoption.

July 22

Foreign Ministers of the Western five—Canada, France, F.R.G., U.K., and U.S.—issue a communique in which they agree on the need to continue efforts to bring about the independence of Namibia in accordance with U.N. Security Council Resolution 435 "in a manner that will command international approval."

New Zealand Prime Minister Robert D. Muldoon visits U.S. July 22–25.

July 23

Finnish Foreign Minister Paavo Vayrynen makes official visit to Washington, D.C., to consult with Secretary Haig.

July 24

Israel and Palestinian forces agree separately to a cease-fire across the Israel-Lebanon border.

July 26

Ambassador Habib returns to Washington.

July 29

Prince Charles, heir apparent to the British throne, and Lady Diana Frances Spencer are wed at London's St. Paul Cathedral.

The deposed President of Iran, Abolhassan Bani-Sadr, is granted political asylum in France.

July 31

Secretary Haig, along with foreign ministers of 25 other nations, attends a preparatory meeting Aug. 1-2, of the North-South summit to be held in October, in Cancun, Mexico. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*215	7/1	Ernest Henry Preeg sworn in as Ambassador to Haiti (biographic data).
*216	7/1	J. William Middendorf sworn in as Ambassador to the OAS (biographic data).
*217	[illegible]	Richard M. Fairbanks III sworn in as Assistant Secretary for Congressional Relations.
*218	6/30	Charles W. Bray III sworn in as Ambassador to Senegal (biographic data).
*219	7/6	Haig: remarks to the U.S. Business Committee on Jamaica, July 2.
*220	7/8	Robert Lyle Brown sworn in as Inspector General (biographic data).
221	7/9	U.S. pledges more aid for Afghan refugee relief.
*222	7/9	Program for the working visit of Canadian Prime Minister Trudeau, July 9–10.
223	7/11	*Foreign Relations of the U.S. 1952–54, Vol. XVI: The Geneva Conference.*
*224	7/13	International Telegraph and Telephone Consultative Committee (CCITT), study group B, July 23.
*225	7/13	President's Commission on Hostage Compensation, July 23–24.
*226	7/10	Richard Smyser named U.N. Deputy High Commissioner for refugees (biographic data).
227	7/13	Haig: news conference, Nassau, July 12.
228	7/13	Haig: statement before the international conference on Kampuchea, New York.
229	7/13	Joint communique agreed on by the Foreign Ministers of Canada, Mexico, Venezuela, and the U.S. at the Conference on Caribbean Basin Development, Nassau, July 14.
*230	7/14	U.S., Pakistan sign bilateral textile agreement.
*231	7/14	U.S., India amend textile agreement.
232	7/14	Haig: interview on the "Today" Show, New York.
233	7/14	Haig: address before the Foreign Policy Association, New York.
233A	7/15	Haig: question-and-answer session following Foreign Policy Association address, July 14.

the prospect for the future is now clouded by recent trends. The pattern of increasing economic growth, critical for development, has been slowed by inflation, high energy prices, severe balance-of-payments problems, heavy debt, and slower growth of markets. Political turmoil and instability have diverted precious resources into arms and conflict. The necessary synthesis between traditional values and modernization, never easy to achieve, has grown more difficult under the impact of accelerating change.

Let us dispense with illusions. We must choose today between two futures: a future of sustainable growth, an expansion of world trade, and a reduction of poverty or a future of economic stagnation, rising protectionism, and the spread of poverty. As the World Bank has put it: "By the end of the century, the difference between the two cases amounts to some 220 million more absolutely poor people."

Clearly, our task is to give fresh impetus to development by devising now a new strategy for growth. Such a strategy begins by recognizing the highly complex and difficult situation we face.

- The poorest developing countries require long-term and generous concessional aid from developed and other developing countries to raise productivity through broadly based education and training, improvements in health and nutrition, and better infrastructure. They also need sound economic policies, particularly in the agricultural sector. Ultimately, the objective must be to involve them in the international economic system, thereby strengthening opportunities and incentives for self-sustaining growth.
- The middle tier of developing countries have made significant progress. Nevertheless, they still suffer from widespread poverty. They are also acutely vulnerable to any economic downturn—especially volatile commodity markets—because of their narrow range of exports. These countries need foreign capital and assistance in developing the experience and credit worthiness to borrow on international capital markets. Technical support and manpower training are important to insure that their populations are productive and competitive. They also need an open international trading system to encourage export development.
- The more advanced of the developing countries are able to maintain living standards and economic performance comparable to what some of today's industrial countries achieved less than a generation ago. Their further development can be sustained best by a strong international economy with an open capital and trading system. They must be able to pursue national policies that take advantage of international opportunities and foster domestic adjustment. These countries also play a key role in helping poorer nations, both directly and as policy models.

International development reflects the worldwide search for economic progress, social justice, and human dignity. Short of war itself, no other issue before us will affect more people, for good or ill, than this search.

- The capital-surplus, oil-exporting countries need a stable and prosperous international market for their oil exports and a favorable environment in which to invest their financial assets and to develop their domestic economies. The international system must continue to evolve to reflect the growing importance of these countries, as they assume increasing responsibility for the management of that system and for assisting poorer nations.
- Finally, the industrial countries are suffering from low rates of growth and high rates of inflation. They are trying to increase savings and investment in order to create employment, improve the environment, eliminate pockets of poverty, and adjust to the changing competitiveness of their exports. They

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United Nations Day, 1981

A PROCLAMATION[1]

The United Nations rose from the ashes of the Second World War. As we observe another United Nations Day on October 24, 1981, we are thankful that the world has since been spared another major conflagration.

The United Nations has assisted in bringing stability to troubled areas and will surely do so again. United Nations peacekeeping forces are on duty in the volatile Middle East and have contributed to maintaining the peace in other places.

The problems addressed in this world forum are diverse, and the United Nations cannot resolve all matters it considers. But it has helped. This year it held a major conference for the purpose of pledging assistance to refugees in Africa. The United States made a substantial pledge, consistent with our historic support for United Nations refugee programs.

The United Nations is the world's meeting place. It brings together representatives of virtually all countries to discuss a multitude of subjects. These meetings afford opportunities for bilateral discussions, often at a high level, as an extra benefit. Today, much of the world's diplomacy takes place under the aegis of the United Nations.

The United States will continue to play a prominent role and champion the values and ideals that originally inspired the United Nations. We will further those activities that strengthen the capacity of the institution to serve the good of mankind.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate Saturday, October 24, 1981, as United Nations Day. I urge all Americans to use this day as an opportunity to better acquaint themselves with the activities and accomplishments of the United Nations.

I have appointed Mr. Robert Anderson to serve as 1981 United States National Chairman for United Nations Day, and welcome the role of the United Nations Association of the United States of America in working with him to celebrate this special day.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-eighth day of September, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN

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[1] Text from White House press release of Sept. 29, 1981. ■

must sell more abroad to pay for the increased cost of imported energy.

In a slowly growing world, these complex and diverse requirements would become potent sources of conflict. But the struggle for the world product can be avoided. The international economy can help all countries to achieve their objectives through a strategy of growth which creates the resources and the employment needed for progress. And this cannot be the task of any single nation.

As the report of the distinguished commission on international development issues, chaired by Willy Brandt, points out: "Above all, the achievement of economic growth in one country depends increasingly on the performance of others."

Principles for a Strategy of Growth

It is on this view of a differentiated and interdependent world that we must build a new strategy for growth. But our strategy must also be informed by the lessons of the past. Such lessons, extracted from hard experience, offer the basis for principles to guide us through these austere times.

First, development is facilitated by an open international trading system. Developed and developing countries together face the challenge of strengthening the GATT (General Agreement on Tariffs and Trade) and the international trading system to create mutual export opportunities.

Today the trading system is under enormous stress—rising protectionist pressures, new and subtle types of import barriers, restrictive bilateral arrangements, export subsidies and investment policies which distort trade. These are especially troublesome in a period of slow growth. Unless they are reduced or eliminated, the international trading system will be seriously weakened. Such a setback to the world economy would inflict the most suffering on the developing countries.

The industrialized countries have a special responsibility to work for a more open trading system with improved rules. We also look to the more successful developing countries to play a

U.S. Ambassador to the United Nations

Jeane J. Kirkpatrick was born in Duncan, Okla. She earned undergraduate degrees from Stephens College (1946) and Barnard College (1948) and her M.A. (1950) and Ph.D. (1968) degrees in political science from Columbia University. Her postgraduate work was done at the University of Paris under a French Government fellowship in the Institute of Political Science. She speaks fluent French and Spanish.

Prior to her appointment as U.S. Permanent Representative to the United Nations, Ambassador Kirkpatrick was a Leavey University Professor at Georgetown University in Washington, D.C., where she was professor in the Department of Government. She was also Resident Scholar at the American Enterprise Institute for Public Policy Research. Throughout her professional career, she has held a series of positions as professor, lecturer, and researcher at colleges, universities, and foundations. During a 6-month period in 1970, she was a professorial lecturer at the Institute for American Universities at the University of Aix-Marseilles, Aix-en-Provence, France.

A prolific writer and researcher, Ambassador Kirkpatrick has authored numerous books, monographs, and articles on American political issues and foreign policy. Her most recent books and monographs include *The New Presidential Elite* (1976), *Political Woman* (1974), *Leader and Vanguard in Mass Society: A Study of Peronist Argentina* (1971), and *Dismantling the Parties: Reflections on Party Reform and Party Decomposition* (1978). Recent articles include "U.S. Security and Latin America," *Commentary* (January 1981); "Dictatorship and Double Standards," *Commentary* (November 1979); "Why Reagan?" *Washington Star* (November 2, 1980); "Public Opinion and Foreign Policy," *The Washington Quarterly* (Autumn 1980); and "Patterns of Partisanship in Post-Gaullist France: An Overview," in Howard Penniman's (ed.) *France at the Polls II*, published by the American Enterprise Institute (1980). Ambassador Kirkpatrick has also published numerous book reviews in *Commentary, The Journal of Politics, The American Political Science Review*, and *The New Republic*.

Ambassador Kirkpatrick has been involved in numerous professional organizations including member of the International Research Council, Center for Strategic and International Studies, Georgetown University; Board of Trustees of the Robert A. Taft Institute of Government; former member of the Executive Council, International Political Science Association; and cochairman, Task Force on the Presidential Election Process, Twentieth Century Fund.

She has been active in Democratic Party politics as co-Vice Chairman of the Coalition for a Democratic Majority and a member of the Democratic National Convention's National Commission on Party Structure and Presidential Nomination (the Winograd commission) in 1975–78. During the 1980 presidential campaign, she was a member of Ronald Reagan's foreign policy advisory group.

Ambassador Kirkpatrick was sworn in as U.S. Permanent Representative to the United Nations on Feb. 4, 1981, the first woman to serve as chief U.S. representative to that world body. In this capacity, she also serves as a member of the President's Cabinet. ■

U.S. Contributions to the United Nations

	1970	1978
Regular Budgets	$117,114,000	$173,728,000
Peacekeeping Operations	6,438,000	38,031,000
Special Programs	202,880,000	237,731,000
Total	326,431,000	449,490,000

The total U.S. contributions to the United Nations of over $700 million (current dollars) for 1978 were about 4% of the Federal budget, or an expenditure of approximately $3.20 per citizen. ■

Premises of the MFO

19. Without prejudice to the fact that all the premises of the MFO remain the territory of the Receiving State, they shall be inviolable and subject to the exclusive control and authority of the Director-General, who alone may consent to the entry of officials to perform duties on such premises.

MFO flag

20. The Receiving States permit the MFO to display a special flag or insignia, of design agreed upon by them, on its headquarters, camps, posts, or other premises, vehicles, boats, and otherwise as decided by the Director-General. Other flags or pennants may be displayed only in exceptional cases and in accordance with conditions prescribed by the Director-General. Sympathetic consideration will be given to observations or requests of the authorities of the Receiving State concerning this last-mentioned matter. If the MFO flag or other flag is flown, the flag of the Receiving State shall be flown alongside it.

Uniform: Vehicle, boats and aircraft markings and registration: Operating permits

21. Military members of the MFO shall normally wear their national uniform with such identifying MFO insignia as the Director-General may prescribe. The conditions on which the wearing of civilian dress is authorized shall be notified by the Director-General to the authorities of the Receiving State and sympathetic consideration will be given to observations or requests of the authorities of the Receiving State concerning this matter. Members of the MFO shall wear civilian dress while outside the areas where they are functioning. Service vehicles, boats, and aircraft shall not carry the marks or license plates of any Participating State, but shall carry the distinctive MFO identification mark and license which shall be notified by the Director-General to the authorities of the Receiving State. Such vehicles, boats, and aircraft shall not be subject to registration and licensing under the laws and regulations of the Receiving State. Authorities of the Receiving State shall accept as valid, without a test or fee, a permit, or license for the operation of service vehicles, boats, and aircraft issued by the Director-General. MFO drivers shall be given permits by the Receiving State to enable them to drive outside the areas where they are functioning, if these permits are required by the Receiving State.

Arms

22. Members of the MFO who are off-duty shall not carry arms while outside the areas where they are functioning.

Privileges and immunities of the MFO

23. The MFO shall enjoy the status, privileges, and immunities accorded in Article II of the Convention on the Privileges and Immunities of the United Nations (hereinafter, "the Convention"). The provisions of Article II of the Convention shall also apply to the property, funds, and assets of Participating States used in the Receiving State in connection with the activities of the MFO. Such Participating States may not acquire immovable property in the Receiving State without agreement of the government of the Receiving State. The government of the Receiving State recognizes that the right of the MFO to import free of duty equipment for the MFO and provisions, supplies, and other goods for the exclusive use of members of the MFO, includes the right of the MFO to establish, maintain, and operate at headquarters, camps, and posts, service institutes providing amenities for the members of the MFO. The amenities that may be provided by service institutes shall be goods of a consumable nature (tobacco and tobacco products, beer, etc.), and other customary articles of small value. To the end that duty-free importation for the MFO may be effected with the least possible delay, having regard to the interests of the government of the Receiving State, a mutually satisfactory procedure, including documentation, shall be arranged between the Director-General and the customs authorities of the Receiving State. The Director-General shall take all necessary measures to prevent any abuse of the exemption and to prevent the sale or resale of such goods to persons other than the members of the MFO. Sympathetic consideration shall be given by the Director-General to observations or requests of the authorities of the Receiving State concerning the operation of service institutes.

Privileges and immunities and delegation of authority of Director-General

24. The Director-General of the MFO may delegate his powers to other members of the MFO.

25. The Director-General, his deputy, the Commander, and his deputy, shall be accorded in respect of themselves, their spouses, and minor children, the privileges and immunities, exemptions, and facilities accorded to diplomatic envoys in accordance with international law.

Members of the MFO: Taxation, customs, and fiscal regulations

26. Members of the MFO shall be exempt from taxation by the Receiving State on the pay and emoluments received from their national governments or from the MFO. They shall also be exempt from all other direct taxes, fees, and charges, except for those levied for services rendered.

27. Members of the MFO shall have the right to import free of duty their personal effects in connection with their first taking up their post in the Receiving State. They shall be subject to the laws and regulations of the Receiving State governing customs and foreign exchange with respect to personal property not required by them by reason of their presence in the Receiving State with the MFO. Special facilities for entry or exit shall be granted by the immigration, customs, and fiscal authorities of the Receiving State to regularly constituted units of the MFO provided that the authorities concerned have been duly notified sufficiently in advance. Members of the MFO on departure from the area may, notwithstanding the foreign exchange regulations, take with them such funds as the Director-General certifies were received in pay and emoluments from their respective national governments or from the MFO and are a reasonable residue thereof. Special arrangements between the Director-General and the authorities of the Receiving State shall be made for the implementation of the foregoing provisions in the interests of the government of the Receiving State and members of the MFO.

28. The Director-General will cooperate with the customs and fiscal authorities of the Receiving State and will render all assistance within his power in ensuring the observance of the customs and fiscal laws and regulations of the Receiving State by the members of the MFO in accordance with this Appendix or any relevant supplemental arrangements.

Communications and postal services

29. The MFO shall enjoy the facilities in respect to communications provided for in Article III of the Convention. The Director-General shall have authority to install and operate communications systems as are necessary to perform its functions subject to the provisions of Article 35 of the International Telecommunications Convention of April 11, 1973, relating to harmful interference. The frequencies on which any such station may be operated will be duly communicated by the MFO to the appropriate authorities of the Receiving State. Appropriate consultations will be held between the MFO and the authorities of the Receiving State to avoid harmful interference. The right of the Director-General is likewise recognized to enjoy the priorities of government telegrams and telephone calls as provided for the United Nations in Article 39 and Annex 3 of the latter Convention and in Article 5, No. 10 of the telegraph regulations annexed thereto.

30. The MFO shall also enjoy, within the areas where it is functioning, the right of unrestricted communication by radio, telephone, telegraph, or any other means, and of establishing the necessary facilities for maintaining such communications within and between premises of the MFO, including the laying of cables and land lines and the establishment of fixed and mobile radio sending and receiving stations. It is understood that the telegraph and telephone cables and lines herein referred to will be situated within or directly between the premises of the MFO and the areas where it is functioning, and that connection with the system of telegraphs and telephones of the Receiving State will be made in accordance with arrangements with the appropriate authorities of the Receiving State.

31. The government of the Receiving State recognizes the right of the MFO to make arrangements through its own facilities for the processing and transport of private mail addressed to or emanating from members of the MFO. The government of the Receiving State will be informed of the nature of such arrangements. No interference shall take place with, and no censorship shall be applied to, the mail of the MFO by the government of the Receiving State. In the event that postal arrangements applying to private mail of members of the MFO are extended to operations involving transfer of currency, or transport of packages or parcels from the Receiving State, the conditions under which such operations shall be conducted in the Receiving State will be agreed upon between the government of the Receiving State and the Director-General.

Motor vehicle insurance

32. The MFO will take necessary arrangements to ensure that all MFO motor vehicles shall be covered by third party liability insurance in accordance with the laws and regulations of the Receiving State.

Use of roads, waterways, port facilities, airfields, and railways

33. When the MFO uses roads, bridges, port facilities, and airfields it shall not be subject to payment of dues, tolls, or charges either by way of registration or otherwise, in the areas where it is functioning and the normal points of access, except for charges that are related directly to services rendered. The authorities of the Receiving State, subject to special arrangements, will give the most favorable consideration to requests for the grant to members of the MFO of traveling facilities on its railways and of concessions with regard to fares.

Water, electricity, and other public utilities

34. The MFO shall have the right to the use of water, electricity, and other public utilities at rates not less favorable to the MFO than those to comparable consumers. The authorities of the Receiving State will, upon the request of the Director-General, assist the MFO in obtaining water, electricity, and other utilities required, and in the case of interruption or threatened interruption of service, will give the same priority to the needs of the MFO as to essential government services. The MFO shall have the right where necessary to generate, within the premises of the MFO either on land or water, electricity for the use of the MFO and to transmit and distribute such electricity as required by the MFO.

Currency of the Receiving State

35. The Government of the Receiving State will, if requested by the Director-General, make available to the MFO, against reimbursement in U.S. dollars or other currency mutually acceptable, currency of the Receiving State required for the use of the MFO, including the pay of the members of the national contingents, at the rate of exchange most favorable to the MFO that is officially recognized by the government of the Receiving State.

Provisions, supplies, and services

36. The authorities of the Receiving State will, upon the request of the Director-General, assist the MFO in obtaining equipment, provisions, supplies, and other goods and services required from local sources for its subsistence and operation. Sympathetic consideration will be given by the Director-General in purchases on the local market to requests or observations of the authorities of the Receiving State in order to avoid any adverse effect on the local economy. Members of the MFO may purchase locally goods necessary for their own consumption, and such services as they need, under conditions prevailing in the open market.

If members of the MFO should require medical or dental facilities beyond those available within the MFO, arrangements shall be made with the appropriate authorities of the Receiving State under which such facilities may be made available. The Director-General and the appropriate local authorities will cooperate with respect to sanitary services. The Director-General and the authorities of the Receiving State shall extend to each other the fullest cooperation in matters concerning health, particularly with respect to the control of communicable diseases in accordance with international conventions; such cooperation shall extend to the exchange of relevant information and statistics.

Locally recruited personnel

37. The MFO may recruit locally such personnel as required. The authorities of the Receiving State will, upon the request of the Director-General, assist the MFO in the recruitment of such personnel. Sympathetic consideration will be given by the Director-General in the recruitment of local personnel to requests or observations of authorities of the Receiving State in order to avoid any adverse effect on the local economy. The terms and conditions of employment for locally recruited personnel shall be prescribed by the Director-General and shall generally, to the extent practicable, be no less favorable than the practice prevailing in the Receiving State.

Settlement of disputes or claims

38. Disputes or claims of a private law character shall be settled in accordance with the following provisions:

(a) The MFO shall make provisions for the appropriate modes of settlement of disputes or claims arising out of contract or other disputes or claims of a private law character to which the MFO is a party other than those covered in subparagraph (b) and paragraph 39 following. When no such provisions have been made with the contracting party, such claims shall be settled according to subparagraph (b) below.

(b) Any claim made by:

(i) a resident of the Receiving State against the MFO or a member thereof, in respect of any damages alleged to result from an act or omission of such member of the MFO relating to his official duties;

(ii) the Government of the Receiving State against a member of the MFO;

(iii) the MFO or the Government of the Receiving State against one another, that is not covered by paragraph 40 of this Appendix;

shall be settled by a Claims Commission established for that purpose. One member of the Commission shall be appointed by the Director-General, one member by the Government of the Receiving State, and a Chairman jointly by the two. If the Director-General and the Government of the Receiving State fail to agree on the appointment of a chairman, the two members selected by them shall select a chairman from the list of the Permanent Court of Arbitration. An award made by the Claims Commission against the MFO or a member or other employee thereof or against the Government of the Receiving State shall be notified to the Director-General or the authorities of the Receiving State as the case may be, to make satisfaction thereof.

39. Disputes concerning the terms of employment and conditions of service of locally recruited personnel shall be settled by administrative procedure to be established by the Director-General.

40. All disputes between the MFO and the Government of the Receiving State concerning the interpretation or application of this Appendix which are not settled by negotiation or other agreed mode of settlement shall be referred for final settlement to a tribunal of three arbitrators, one to be named by the Director-General, one by the Government of the Receiving State, and an umpire to be chosen jointly who shall preside over the proceedings of this tribunal.

41. If the two parties fail to agree on the appointment of the umpire within one month of the proposal of arbitration by one of the parties, the two members selected by them shall select a chairman from the list of the Permanent Court of Arbitration. Should a vacancy occur for any reason, the vacancy shall be filled within thirty days by the methods laid down in this paragraph for the original appointment. The tribunal shall come into existence upon the appointment of the chairman and at least one of the other members of the tribunal. Two members of the tribunal shall constitute a quorum for the performance of its functions, and for all deliberations and decisions of the tribunal a favorable vote of two members shall be sufficient.

parties as to what would be the best contributor to progress. We have no biases for it or against it.

Q. Is President Sadat advocating that you involve Palestinians in the talks when they resume or that you make an effort to involve Palestinians in that?

A. No, not at all. We're talking about ultimate arrangements agreed upon in which the Palestinian inhabitants would be clear participants, whatever government or arrangements would be agreed to in the West Bank and Gaza.

Q. Did President Sadat specifically ask for any new defense commitments or security assistance commitments, and did he receive any?

A. I think it goes without saying that any of America's friends who go into security assistance relationships with us are concerned about delivery schedules and times. It's a consequence of a long period of neglect here in the United States of our own industrial complex that supports defense industries, and it usually means long delays between the agreement to provide a system and its actual delivery. I think that's at the center of the Egyptian concerns, and it's not an uncharacteristic set of concerns because most of our security partners experience the same concerns.

As you know, Secretary Weinberger is working very actively on this today, and we have asked for a contingency fund in the fiscal year 1983 program that will enable us to purchase ahead certain equipment so that we wouldn't then have to be faced with these delays.

Q. But there wasn't a commitment for new ones or new machinery?

A. No. There was a discussion, in a broad sense. It is the United States intention to maintain a high level of security assistance support for Egypt, because we feel this is in our American vital interest, and Egypt, because of a convergence of strategic views, serves not only its own security needs and the security needs of the region but the vital interests of the American people as well.

Q. Have you promised to get the F-16s to the Egyptians faster than they are currently scheduled to reach there?

A. These discussions are going on and have been going on in the Pentagon. And you know there are long delays.

[1] Press release 267. ■

Secretary Haig Interviewed on CBS Morning News

Secretary Haig was interviewed on CBS–TV morning news on July 24, 1981, by Robert Pierpoint and Jed Duvall of CBS News.[1]

Q. We have some good news which has just broken as you've heard; namely, it appears that Prime Minister Begin has agreed to Ambassador Habib's [Philip C. Habib, the President's special emissary to the Middle East] and President Reagan's request for a cease-fire. What do you know about it?

A. What Mr. Habib has announced this morning after discussions with Prime Minister Begin and his contacts with the other elements involved in the situation would suggest that the hostilities will cease from both sides of the border, and, of course, we're very encouraged by this development.

Q. You say the hostilities will cease on both sides of the border, and I think it was actually to take effect about 3 minutes ago. How do we know that the PLO [Palestine Liberation Organization] is going to go along with this cease-fire?

A. We've had the necessary assurances to make this a very serious effort by the parties. Of course, it has taken a degree of moderation and responsibility on all sides, and we're encouraged.

Q. You say assurances, so you feel confident that both sides are going to go along with this, at least, for the time being?

A. Yes, it should have been effective as of 12 noon, local time, so that's about 1½ hours ago.

Q. Yes, so I was a little off on the timing of it, but, in other words, it ought to already be in effect.

A. That's correct.

Q. What do you think is the next step in achieving a peace in that area now?

A. I think with the reduced levels of violence, which is an encouraging sign, and an agreement to maintain that—and we'll have to see in the period ahead—that the process that Ambassador Habib started earlier to try to arrive at a *status quo ante* in Lebanon and now, clearly, the border area of southern Lebanon is an additional factor that will have to be dealt with, and we hope effectively.

Q. Are you talking now about going back to the problem of the Syrian antiaircraft missiles and the problems surrounding the Israeli strikes in that area?

A. I think all of these problems internally in Lebanon are an aspect of the peace effort that Ambassador Habib is going to have to deal with and has, indeed, been dealing with.

Q. Ambassador Habib has had some difficulty up until today in getting the Israelis to agree to a cease-fire; in fact, they haven't even wanted to use the words "cease-fire." What do you think has been the Israeli goal in its escalation of the violence in the last couple of weeks?

A. I think the important factor today is that we have achieved the necessary consensus for the cessation of hostilities either emanating from Israel into Lebanon or from Lebanon into Israel.

Q. What did it? What did Habib do differently last night or this morning that hasn't been done over the past few weeks? In other words, what unlocked it?

A. I don't think there were any tricky, little keys that were involved. It's just a yeoman, professional effort dealing with all of the elements that can influence this situation with a great deal of cooperation and help from some Arab states and, also, Israel as well.

Q. We have been pressing Mr. Begin for some weeks now to agree to a cease-fire. This morning he apparently has. I think Jed's question deserves a little further explanation. I agree with him. What happened? Was it, for instance, the speaking out of Defense Secretary [Caspar] Weinberger and of your Deputy, Mr. [Deputy Secretary William P.] Clark, when they criticized Mr. Begin rather strongly the day before yesterday? Was it that kind of pressure that brought the Israelis to this point?

A. I think it serves no useful purpose to engage in that kind of Washington fun and games. We are here in very, very serious business. Our dealings with all of the governments, the Lebanese Government, with other Arab states that have been involved, and with the state of Israel must be serious, direct, and private, and that is precisely what they have been.

Q. I assure you that I'm not engaging in fun and games. I don't think either Mr. Clark, when he criticized Mr. Begin, or the Defense Secretary were engaging in that. They were obviously and are obviously men who understand the thinking of the Administration and of the President, and they did directly criticize Mr. Begin. My question again to you is: Did that help bring about this situation, or were they simply speaking on their own and didn't really mean what they said?

A. I think there have been a lot of observations made about a lot of people in this thing. I think the White House spoke yesterday to the issue, and enough has been said about it.

Q. You mentioned in your answer earlier that some—what indicated perhaps some new move by some Arab countries or some new contacts with the Americans and some Arab countries that contributed to the cease-fire. Is some new element there that we don't know about?

A. No, there is nothing new or unusual. It was done and has been underway for a considerable period of time. In the earlier peace effort engaged in by Ambassador Habib, these same channels were applied, and the same parties were extremely helpful.

Q. I gather that since Mr. Habib came from Saudi Arabia today that the Saudis have been particularly involved in this, is that correct?

A. They have been very helpful from the very outset.

Q. What has been the effect on our relationship with the Saudis and other members of the Arab world—of our continuing support of Israel despite the escalation of the violence by Mr. Begin's government?

A. I think it's important, at this juncture, while this delicate process is continuing and after this, I think, very important achievement, that we just leave those kind of observations out of the mix.

Q. Are the F-16s on the way now?

A. No, they are not.

Q. Will they be soon?

A. This remains to be seen.

Q. You are going to continue the review then of the bombing of the Iraqi nuclear reactor installation by the Israelis?

A. I think we all know very well that that review, as such, has been largely concluded, and it was the environment in the area that made it inappropriate for the President to go ahead and send that kind of lethal equipment into Israel. That means that we are going to be watching the situation very carefully in the hours, days, and, perhaps, weeks ahead.

Q. Why has it been that you undertook review of the bombing of the Iraqi installation, but you have declined to undertake a review of the bombing by Israel of downtown Beirut, of the Palestinian headquarters in Beirut?

A. I think the important thing here is to bear in mind that there are two sides to this situation. There are rockets, Kaytushas, and 130-millimeter artillery rounds that have been falling in Israel with equally grave consequences to innocent noncombatants, and these are the mutually, escalating conditions that lead to conflict in the first instance. Our concerns are strictly involved in trying to return to a state of moderation, *status quo ante*, and to get on with the process which is vitally important for all the parties, and that is the return to peace.

Q. And you think we're on that path now as a result of this morning's developments?

A. I think it's a very encouraging first step. And after all, we have achieved what we hoped for in the immediate sense.

Q. And there is a cease-fire, and that is a good note for us to end with.

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[1] Press release 249. ■

U.S. and Egypt Sign Nuclear Energy Agreement

DEPARTMENT ANNOUNCEMENT, JUNE 29, 1981[1]

At 11:30 this morning, Secretary Haig signed an agreement for cooperation concerning peaceful uses of nuclear energy with Egypt's Minister of Electricity, Maher Abaza. The signing took place at the State Department. The agreement culminates a process begun in 1974 when the United States offered to share peaceful nuclear technologies with both Egypt and Israel.

In 1976 we initialed identical draft cooperation agreements with both countries. Due to subsequent developments in the Middle East and then to the review of U.S. nonproliferation policy, these agreements were never signed or forwarded to the Congress.

In May 1979 we again presented identical draft agreements, revised to include provisions conforming with the requirements for such agreements established in the Nuclear Nonproliferation Act of 1978, to both Israel and Egypt. The Israelis indicated that they were not interested in proceeding with such an agreement at this time. Two negotiating sessions were held with the Egyptians in 1979.

During 1980 the Egyptians reviewed their plans for peaceful development of nuclear energy. At year end, they announced that Egypt would ratify the Nonproliferation Treaty (NPF), which they had signed in 1968, and that oil-export revenues would be set aside to finance nuclear power development. Egypt's parliament approved the NPT on February 16, 1981, and Egypt's instrument of ratification was deposited in London on February 26.

The agreement signed today specifies terms and conditions forming the framework within which various cooperative activities and exchanges may take place. These activities include possible purchase by Egypt from U.S. suppliers of nuclear power reactors and low-enriched uranium fuel to provide, at the outset, a generating capacity of about 2,000 megawatts. Private suppliers and Egyptian authorities would have to agree on the terms of any pur-

Secretary Attends Caribbean Development Meeting

Secretary Haig met with the Foreign Ministers of Canada, Mexico, and Venezuela in Nassau, the Bahamas, on July 11–12, 1981, to discuss a cooperative approach to addressing the economic problems of the Caribbean basin area. Following is a joint communique issued on July 11, and excerpts from a news conference held by the Secretary and William E. Brock, U.S. Trade Representative, on July 12.

JOINT COMMUNIQUE, JULY 11, 1981

We are repeating below the Communique agreed upon by the Foreign Ministers of Canada, Mexico and Venezuela, Secretary Haig, and U.S. Trade Representative Brock at the Conference of Ministers on Caribbean Basin Development on July 11, 1981.

Communique of Conference of Ministers on Caribbean Basin Development, July 11, 1981—Nassau, Bahamas. Secretary of State for External Affairs Mark MacGuigan of Canada, Secretary for External Relations Jorge Castaneda of Mexico, Secretary of State Alexander M. Haig of the United States of America, William E. Brock, United States Trade Representative, and Foreign Minister Jose Alberto Zabrano Velasco of Venezuela met at Nassau, the Bahamas, July 11, 1981 to discuss an initiative to stimulate the economic and social development of the Caribbean Basin area.

The Ministers had full and very cordial discussions of their common concern regarding the economic and social problems which face the countries in the Caribbean and Central America.

They agreed that their efforts must be based on a consultative process by which potential donors and recipients come to a realistic understanding of the problems and aspirations of the Basin countries based on the national plans and priorities of those countries and the means to address their problems.

Dynamic and balanced development will contribute not only to the welfare of the people in the Caribbean Basin area, but also to the peace and prosperity of the entire hemisphere.

The Ministers noted that many countries within and outside the region are already addressing the problems of development in the Caribbean Basin through a variety of programs and on a substantial scale. Nevertheless, they recognized the need for more comprehensive efforts by countries cooperating with the region, taking into account the different approaches and development stages of these countries. The success of these actions also depends directly on the efforts of the countries in the region on their own behalf.

Given the overriding common interest in promoting development in the region, the Ministers concluded that there are significant advantages to an economic and social development approach without military considerations or political preconditions. Each country in the Caribbean Basin could benefit from such economic cooperation. At the same time, donor countries must be free to choose the countries with which they cooperate and the ways they can best be of help.

Mindful of the diversity as well as the common interests of the nations in the region, the Ministers recognized the separate identities of Central America and the Caribbean. They took note of the views expressed by the Central American countries that the specific character of their development problems and their long-standing efforts towards economic integration should not only be taken into account but even strengthened by outside cooperation. They also took note that the governments of Central America and governments in the Caribbean have expressed the need to participate actively in the formulation of any development plan for the area.

On the basis of these principles, the Ministers agreed to begin immediate consultations with the governments of Central America and the Caribbean, as well as with other countries and international financial institutions. The purpose of the consultations would be to determine the best approach for an action plan for facilitating those trade, investment or development cooperation measures which would stimulate sustained and balanced economic and social development in the region. The Ministers agreed to meet again before the end of the year to review the results of the consultations.

The Ministers of Canada, Mexico, Venezuela and the United States expressed their profound satisfaction at having met for the first time at a high political level in a joint examination of the problems of economic and social development of Central America and the Caribbean. They affirmed their own political will to continue their efforts and expressed the hope that regional and non-regional governments would, in a similar expression of political will, associate themselves with the promotion of integral and sustained development in the area.

NEWS CONFERENCE (EXCERPTS), JULY 12, 1981[1]

Q. Is tne Cuban Government going to be receiving aid under this progam? Is that going to be possible?

Secretary Haig. I think there are several aspects to the program as we visualize it, and we are merely considering, now, the consultative procedures . and approach. First, it is essentially a social, economic development effort; it is not a vehicle for military assistance. There are no automatic exclusions nor any obligations for inclusions, and if you look carefully at the communique there is rather explicit reference to that. The answer to your question is no exclusions, no obligations for inclusions. Each participating donor state will make a decision based on its own judgments.

Q. In effect, are we giving the green light to giving aid to Cuba?

Secretary Haig. We are giving no red lights; we are giving no green lights and, at this juncture, we are still at a formulation stage.

Q. The content of the agreement you signed, does it in any way change the U.S. policy of military assistance for certain governments, or do we follow the same line that we have been following so far?

Secretary Haig. This is not a signed agreement of any kind. It is merely a communique summarizing the conclusions of our day-long deliberations. Secondly, in the body of that communique, it is very explicit that this is not a program visualized to include military assistance or military matters of any kind, and they were not the subject of our discussion.

Q. [Inaudible]

Secretary Haig. I think it is important that we understand that this is still an exploratory effort. There are consultations underway which will continue, I hope, at an increased pace as a result of our meetings today. We enter into this with a multiplicity of vehicles that could be used to assist in the area: trade and investment, economic and technical assistance, training, help from within the region, from without the region, and self-help of the recipient nations. There have been, at this juncture in our consultative process, no specific programs agreed to, a broad potpourri approach in which we are seeking relief for the socioeconomic plight of the area and of all the potential recipients.

Q. Could you talk about what political difficulties you anticipate in trying to sell trade concessions and incentives of development to the Congress, to the American public that might be affected? I am speaking particularly of the goods that are now set for duty that may reduce the duty, that will come in and discourage the labor unions.

Secretary Haig. It's premature. Why don't I let Bill Brock deal with that question as our expert, and I think he could do it with greater skill.

Mr. Brock. Basically, we have not made any determination as to the precise areas of endeavor, but I think, insofar as political difficulties are concerned, everything that will be done will have some price. In order to determine how thus to fashion the American proposal in its context, we will engage in very close consultation with business, labor, and congressional leaders to try to describe that which would most appropriately benefit the affected region. I don't think we will have too much trouble.

Q. Is there any developed plan that you are looking at that you might utilize?

Mr. Brock. We have looked at a very complete list of potential options that we could consider within the United States, but the most important question would have to be asked of the beneficiary nations. I think each package will have to be tied to the needs of the specific country, and they are going to have to tell us what their needs are. Then we will see how best to try to accommodate them, but that's a question that should best be directed to them, not to us.

Q. Does this meeting establish a new relationship with Latin America, not only with the Foreign Ministers who met here but also with other Latin American leaders?

Secretary Haig. It certainly does begin a new partnership still in the consultative phase. We will seek to consider methods for establishing economic and social development.

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[1] Press release 227.■

Caribbean Basin Development

by Thomas O. Enders

Statement before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on July 28, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.[1]

In recent years we have become more and more sensitive to developments in the area immediate to the south of us—the Caribbean Basin. In the mid-1970s we debated the Panama Canal and its vital importance to us. More recently, we have been concerned with immigration from Cuba and Haiti, a revolution and its aftermath in Nicaragua, and a foreign-supported leftist insurgency in El Salvador. In each case, difficult Caribbean Basin problems have directly touched American interests and have, thereby, reminded us that these are peoples with whom we must live. Their problems often become immediate U.S. concerns. Their success improves the environment in which we live.

Basin Conditions

Unfortunately, many of the countries of the Caribbean Basin are weakened and vulnerable. Their size makes them uniquely dependent on the outside world—to a degree that we Americans can only dimly imagine. And recently, the outside world has not been favorable to their interests. Commodity prices other than oil are falling, energy costs are rising, world markets stagnate, and tourism is growing less rapidly than normal. Throughout the Caribbean area income is falling, per capita income even more.

But there are internal problems as well. Not all of the countries of the area have been able to create conditions in which their substantial human talent—professional people and entrepreneurs—could be fully engaged. Many of these people have migrated. Similarly, there is substantial capital flight from some countries, as entrepreneurs prefer to put their money in Miami rather than local enterprise. Some of these problems are structural—beyond the immediate control of governments. But in many cases government policies have also been responsible.

What Can Be Done

In approaching this problem, we have worked from a number of premises.

First, we must work in close cooperation with the other interested countries—above all, Venezuela, Mexico, and Canada. Not only are the Caribbean Basin countries their neighbors too, but they are already contributing relatively more official assistance than we. Our trade preferences and private capital flows are, of course, also valuable contributions.

That is why President Reagan turned to President Lopez Portillo [Mexican President Jose Lopez Portillo y Pacheco] in early June. Since then we contacted the leaders of Venezuela and Canada. Earlier this month Secretary Haig met with his counterparts from the other three countries in Nassau to agree on the need for a multilateral approach and to decide to draw up an action plan together.[2]

There have been differences among the four, of course. Mexico wanted Cuba automatically included. We can contemplate no aid to Cuba, so we agreed to disagree and went on to emphasize what we do have in common—a commitment to helping the area. We believe we have established a firm partnership for proceeding.

Second, we can succeed only if the developing countries of the area are fully engaged in the planning and execution of what is to be done. After all, development starts at home, and no donor will provide new economic opportunities on any scale unless he believes recipients will take the action needed to assure that they are well used.

This is why there is and will be no big "made-in-the-USA mini-Marshall plan." Instead, the four partners will now proceed to consult, first, the Central American countries, then the countries of the Caribbean, before deciding how to draw up the action plan. This is also why the eventual plan will clearly recognize the separate identities of the two groups of countries.

Third, we think the place to begin is the supply side—how to help Caribbean Basin countries to create new, competitive production capacity and take better advantage of its existing resources in people and capital.

We will be asking these countries as we meet them: What can you do to re-

PUBLICATIONS

234	7/15	Daniel J. Terra sworn in as Ambassador at Large for Cultural Affairs (biographic data).
*235	7/15	Jacques J. Gorlin named Executive Assistant to the Under Secretary for Economic Affairs (biographic data).
*236	7/16	CCITT, study group A, Aug. 6.
*237	7/16	CCITT, modem working party, study group D, Aug. 6.
*238	7/16	CCITT, study group D, Aug. 7.
*239	7/16	International Radio Consultative Committee (CCIR), study group 7, Aug. 13.
240	7/20	Haig: interview on "Issues and Answers," July 19.
241	7/20	Haig: press briefing, Ottawa, July 19.
*242	7/20	Jane Abell Coon sworn in as Ambassador to Bangladesh, July 17 (biographic data).
243	7/21	Haig: interview on "Nightline," July 20.
*244	7/20	Haig: press briefing, Ottawa.
245	7/21	Haig: press briefing on Ottawa summit, July 19.
246	7/21	U.S., Canada meeting on Hyde Park agreement.
247	7/22	Haig: press briefing at Skyline Hotel, Ottawa, July 21.
*248	7/23	Robert Gerhard Neumann sworn in as Ambassador to Saudi Arabia (biographic data).
249	7/24	Haig: remarks on CBS-TV morning news.
*250	7/24	Richard L. Walker sworn in as Ambassador to Korea (biographic data).
*251	7/27	William Lacy Swing sworn in as Ambassador to Liberia (biographic data).
*252	7/27	Monteagle Stearns sworn in as Ambassador to Greece (biographic data).
*253	7/27	U.S., Sri Lanka amend textile agreement, June 22.
*254	7/28	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on bulk chemicals, Aug. 31.
*255	7/28	Advisory Committee on International Investment, Technology, and Development, working group on international data flows, Sept. 10.
256	7/29	Haig: statement before Senate Subcommittee on International Trade, July 28.
*257	7/29	President's Commission on Hostage Compensation, Aug. 6–7.
258	7/30	Haig: statement before the Senate Armed Services Committee.
*259		[Not issued.]

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*Not printed in the BULLETIN.■

Foreign Relations Volume Released

The Department of State released today *Foreign Relations of the United States*, 1952–1954, vol. XVI, "The Geneva Conference." This is the second volume to be released of 16 volumes scheduled for the years 1952–1954. Volume III, U.N. Affairs, was issued by the Department in 1979. The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy.

This volume presents 1,597 pages of previously unpublished documentation (much of it newly declassified) on the Geneva Conference of 1954. The volume contains two sections: the first on the conference on Korea, which met from April 26 to June 15, the second on the conference on Indochina, which ran from May 8 to July 21. Both sections contain numerous preconference documents as well as records of proceedings, side talks, and communications between the U.S. delegations and Washington.

Developments covered in the Korea section include the efforts of the 15 allied nations supporting the Republic of Korea to resolve with the Soviet Union, the People's Republic of China, and the Democratic People's Republic of Korea fundamental issues relating to Korean unification and permanent ending of hostilities in the area. The large section on Indochina presents the record of the varying proposals put forth on Indochina by France, its allies including the United States, and the three Communist states represented—the Soviet Union, the People's Republic of China, and the Democratic Republic of Vietnam. Also included is documentation on discussion among the allied powers of potential collective security measures and material on the position taken by the United States on the results of the conference. Closely related documentation will appear in Volume XIII, Indochina, which is scheduled for release later this year and in Volume XII, East Asia and the Pacific, slated for subsequent publication.

Foreign Relations, 1952–1954, vol. XVI, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of vol. XVI (Department of State publication 9167) may be obtained for $20.00 (domestic postpaid). Checks or money orders should be sent to the GPO Bookstore, Department of State, Washington, D.C. 20520.

Press release 223 of July 11, 1981.■

Department of State

Free single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

Statement on nuclear nonproliferation, July 16, 1981 (Current Policy #303).

Secretary Haig

International trade, Subcommittee on International Trade of Senate Finance Committee, July 28, 1981 (Current Policy #300).

Interview on "Issues and Answers," July 19, 1981 (Current Policy #298).

Arms Control for the 1980s: An American Policy, Foreign Policy Asso., New York, July 14, 1981 (Current Policy #292).

Africa

Strengthening U.S.-African Relations, Assistant Secretary Crocker, African-American Institute Conference, Wichita, June 20, 1981 (Current Policy #289).

Background Note on Zaire (July 1981).

Economics

Approach to Foreign Economic Issues, Under Secretary Rashish, Joint Economic Committee of Congress, July 14, 1981 (Current Policy #294).

Energy

Energy in U.S. Foreign Policy, Assistant Secretary Hormats, Japan-American Energy Forum, June 22, 1981 (Current Policy #290).

Europe

Background Note on Austria (June 1981).

Background Note on Czechoslovakia (May 1981).

Human Rights

U.S. Commitment to Human Rights, Under Secretary Stoessel, Subcommittee on Human Rights and International Organizations of House Foreign Affairs Committee, July 14, 1981 (Current Policy #293).

Middle East

Background Note on Jordan (June 1981).

Background Note on Kuwait (June 1981).

Narcotics

International Narcotics Control (GIST, July 1981).

South Asia

Afghanistan: 18 Months of Occupation, Eliza Van Hollen, Bureau of Intelligence and Research, August 1981 (Special Report #86).

Background Note on Bangladesh (June 1981).

United Nations

General View of the U.N. System, Assistant Secretary Abrams, United Nations Association-USA, New York, June 5, 1981 (Current Policy #287).

Western Hemisphere

El Salvador: The Search for Peace, Assistant Secretary Enders, World Affairs Council, July 16, 1981 (Current Policy #296).■

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fuller role in strengthening the trading system. It will be difficult for each of our countries individually to open markets further unless we are committed to doing so collectively.

For our part, the United States has long supported open markets. Despite current complications, America remains a strong advocate of free trade. Although our gross national product is only one-third of the Western industrialized group's total, the United States imports roughly one-half of all manufactured goods exported by developing countries. Earnings of non-OPEC developing countries from exports to the United States amount to $60 billion—more than double the foreign aid coming from all Western developed countries.

We call upon all members of the international community to join in resisting growth in protectionism. Developing nations must have the greatest possible opportunity to sell their commodities and manufactured product. Let us also work together to achieve a successful conclusion of the multifiber agreement.

A dynamic and successful trading system requires a smoothly functioning international financial system. We must, therefore, continue to work with other countries to encourage their support for the International Monetary Fund and their constructive participation in the Fund's programs to facilitate adjustment. We will continue to cooperate with our developing country colleagues to strengthen the Fund. We share the view that the responsibilities of developing countries should be increased to keep pace with their growing economic importance.

Second, foreign assistance coupled with sound domestic policy and self-help can faciliate the development process. The United States has long believed in assistance as an effective tool in helping to promote development. Over the last three decades the United States has given more than $130 billion in concessional assistance. Over the last decade alone, the total has exceeded $50 billion. In 1980, the American people provided $7.1 billion, almost twice as much as any other donor.

The United States has also been the major force in the creation and support of the multilateral development banks. The banks represent an important, and to many countries essential, feature in the international financial system. In the last 5 years, the United States has authorized and appropriated an average of $1.5 billion per year for support of the multilateral banks. There is no question about their value as development institutions. As intermediaries they help to mobilize the resources of international capital markets to lend to developing countries. The banks' loans for key projects are important catalysts for productive domestic and foreign private investment.

We recognize that many of the poorer developing countries must continue to rely heavily on concessional assistance for some time to come. Moreover, certain kinds of vital development programs will not pay the quick and direct financial returns needed to attract private capital. For this reason, a continuing bilateral assistance program and continuing support for the multilateral banks will be essential.

Given today's economic conditions and the limitation on aid budgets in many countries, it is especially important that concessional assistance be utilized as effectively as possible; that it focus on countries which need it most and use it best; and that it be a more effective catalyst for mobilizing other foreign and domestic resources. We must also recognize that a strategy for growth that depends on a massive increase in the transfer of resources from developed to developing countries is simply unrealistic.

Third, regional cooperation and bilateral consultations can be effective in promoting development. The United States is working with other regional states to promote economic progress in the Caribbean area. We are convinced that the example of the recent multinational cooperation in the case of Jamaica and the broader Caribbean Basin initiative holds promise for other regions.

We are already committed to a close working relationship with ASEAN [Association of South East Asian Nations]. We have benefited considerably from a better understanding of ASEAN's views on multilateral issues and ways to strengthen our bilateral commerical ties. The U.S.-ASEAN Business Council is a model of how our private sectors can work together for mutual benefit.

In Africa we look forward to a close working relationship with the Economic Community of West African States, as it attempts to strengthen economic ties within the region. Constructive consultations on trade and investment issues have already occurred. We believe that mutually beneficial cooperation can be strengthened to our common benefit. Similar consultations with the developing countries of southern Africa are desirable. We have a strong interest in the economic health and stability of these nations. Commerical relationships along with foreign assistance will help us to attain that objective.

The United States has also worked with the capital-surplus members of the Organization of Petroleum Exporting Countries on both a bilateral and multilateral basis. We have been able to combine resources to attack development problems of common interest, such as food production. This cooperation should be continued and expanded.

Finally, we plan to make bilateral consultative groups between our government and those of developing countries more effective and to give full support to similar private sector arrangements. The U.S. Chamber of Commerce and its counterparts in many developing countries have developed particularly good relationships. We fully support these efforts and those of the private voluntary agencies; we are searching for means to work more closely with them.

In all of these cases, the United States recognizes the need to be sensitive to the diverse character of the societies involved and to the international circumstances in which development must occur.

Fourth, growth for development is best achieved through reliance on incentives for individual economic performance. The individual is the beginning, the key element, and the ultimate beneficiary of the development process. The greatest potential for development lies in the hard work and ingenuity of the farmer, the worker, and the entrepreneur. They need incentives to produce and the opportunity to benefit from their labors.

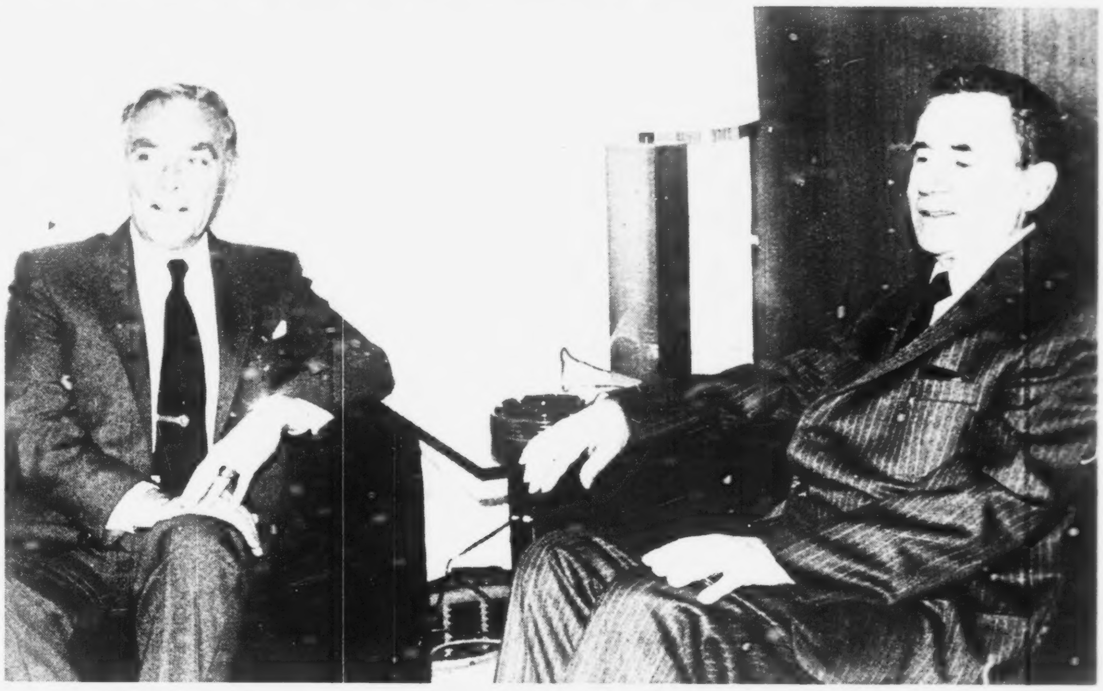
Suppression of economic incentives ultimately suppresses enthusiasm and invention. And the denial of personal freedom can be as great an obstacle to productivity as the denial of reward for achievement. History cautions against regimes that regiment their people in the name of ideals yet fail to achieve either economic or social progress. Those governments that have been more solicitous of the liberties of their people have also been more successful in securing both freedom and prosperity.

The United States can offer what it knows best from its own experience. We have seen that policies which encourage private initiatives will promote better resource allocation and more rapid economic growth. Within a framework basically hospitable to market incentives, foreign private investment can supplement indigenous investment and contribute significantly to development.

But our goal is not to impose either our economic values or our judgments on anyone. In the final analysis, each country's path to development will be shaped by its own history, philosophy, and interests.

Fifth, development requires a certain measure of security and political stability. Political insecurity is a major barrier to development. Fear and uncertainty stifle the productivity of the individual. Scarce resources are squandered in conflict. The close relationship between security and development cannot be ignored. We are, therefore, committed to maintain and, where possible, to increase programs essential to deter international aggression and to provide the domestic security necessary to carry out sound economic policies. We have no intention of providing foreign assistance, moral comfort, or the prestige of international political platforms to countries that foster international violence.

The United Nations has a key role to play in resolving conflict and promoting



U.P.I. photo

U.S.-Soviet Union to Resume Arms Talks

DEPARTMENT STATEMENT, SEPT. 24, 1981[1]

At their meeting on September 23, 1981, the U.S. Secretary of State, Alexander M. Haig, Jr., and the U.S.S.R. Foreign Minister, Andrei A. Gromyko, exchanged views regarding arms control involving those nuclear arms which were earlier discussed between the U.S. and the U.S.S.R. representatives in Geneva.

They agreed on the need to hold formal negotiations on such arms and on behalf of their governments agreed to begin these negotiations on November 30 in Geneva, Switzerland. The U.S. side will be represented at the negotiations by a delegation headed by Ambassador Paul Nitze, and the Soviet side will be represented by a delegation headed by Ambassador U.A. Kvitsinsky.

Both sides believe in the importance of these negotiations for enhancing stability and international security and pledged to spare no effort to reach an appropriate agreement.

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[1] Read to news correspondents in New York by Department spokesman Dean Fischer. ■

U.S. Delegation to the 36th U.N. General Assembly

Representatives

Jeane J. Kirkpatrick
Kenneth L. Adelman
Andy Ireland, U.S. Representative from the State of Florida
Benjamin A. Gilman, U.S. Representative from the State of New York
John Sherman Cooper

Alternate Representatives

Charles M. Lichenstein
Jose S. Sorzano
William Courtney Sherman
Bruce Caputo
George Christopher ■

Deceased members: disposition of personal property

42. The Director-General shall have the right to take charge of and dispose of the body of a member of the MFO who dies in the territory of the Receiving State and may dispose of his property after the debts of the deceased person incurred in the territory of the Receiving State and owing to residents of the Receiving State have been settled.

Supplemental arrangements

43. Supplemental details for the carrying out of this Appendix shall be made as required between the Director-General and appropriate authorities designated by the Government of the Receiving State.

Effective date and duration

44. This Appendix shall take effect from the date of the entry into force of the Protocol and shall remain in force for the duration of the Protocol. The provisions of paragraphs 38, 39, 40, and 41 of this Appendix, relating to the settlement of disputes, however, shall remain in force until all claims arising prior to the date of termination of this Appendix and submitted prior to or within three months following the date of termination, have been settled.

ASSISTANT SECRETARY VELIOTES, JULY 20, 1981[1]

My purpose today is to begin the process of seeking congressional authorization for U.S. participation in and financial support for the multinational force and observers (MFO), which is being established in connection with the withdrawal of Israeli forces to the international border with Egypt, in keeping with the Treaty of Peace between them. On July 17 in London, representatives of Egypt and Israel, together with Ambassador Michael Sterner [Deputy Assistant Secretary for Near Eastern and South Asian Affairs] representing the United States, initialed the protocol and related documents which constitute the international agreement which establishes the MFO and determines its functions. The texts of the protocol and all related documents have been furnished to this committee. We have benefited, greatly, from your wise counsel during these months of negotiation.

It is important to U.S. interests in the Middle East that the MFO be established in as smooth a manner as possible and that it be enabled to carry out its functions as efficiently and effectively as possible. The establishment of this force represents the final step in the implementation of the Egyptian-Israeli treaty which, in turn, is the first step toward comprehensive peace in the Middle East. It is fair to say, therefore, that the documents we are discussing today represent the end of the beginning in our search for a just and lasting peace in that troubled region.

At the outset, the Treaty of Peace Between Egypt and Israel calls for the presence of a peacekeeping force and observers to monitor the parties' compliance with the terms of the treaty and to perform specified functions designed to enhance the mutual confidence of the parties. The treaty specifically mandates that the force should be under the direction of the U.N. Security Council.

In response to a formal request from the Permanent Representative of Egypt, however, the President of the Security Council on May 18 reported that the members of the Council were unable to reach the agreement necessary for the United Nations to provide a force and observers as envisioned in the treaty. This possibility had been foreseen and provided for during the treaty negotiations. In connection with the signing of the treaty, President Carter provided each party with a letter in which he assured them that, in the event the United Nations failed to provide a force, "the President will be prepared to take those steps necessary to ensure the establishment and maintenance of an acceptable alternative multinational force."

Pursuant to that assurance, a U.S. delegation led by Ambassador Sterner has participated over the past several months in negotiations with Egyptian and Israeli delegations which have resulted in the agreement package which has been provided to the committee.

Financial Commitments

We have undertaken certain financial commitments, subject to congressional approval. Beginning in FY 1983, Egypt, Israel, and the United States will each provide one-third of the annual operating costs of the MFO, which we tentatively estimate will be approximately $35 million for each country. During the period prior to September 30, 1982, there will be unusual startup costs associated largely with necessary construction activities. We have undertaken, again subject to congressional authorization, to provide 60% of those costs, with Egypt and Israel dividing the remainder equally. Accordingly, the legislation we are submitting today, in addition to providing for the participation of U.S. personnel in the MFO, authorizes the appropriation of $125 million for our FY 1982 contribution.

We also intend to reprogram $10 million in FY 1981 from economic support fund assistance to the peacekeeping operations account to assist with the funding of initial activities necessary to prepare for the establishment of the MFO. Egypt and Israel are each making $20 million available immediately from their own resources for the same purpose.

We have agreed to contribute to the force an infantry battalion, a logistics support unit, and a group of civilian observers. The number of American personnel will be slightly more than 1,000, or a bit less than one-half of the total complement of the MFO, which may approach 2,500 persons.

The Administration intends to comply voluntarily with the reporting requirements of the war powers resolution concerning the introduction of U.S. Armed Forces equipped for combat into foreign countries.

The committee should also be aware that the United States has undertaken to propose to the parties a U.S. national to serve as Director-General of the MFO. In this connection, Egypt and Israel, on Friday, presented to Ambassador Sterner letters in which they appoint Mr. Leamon R. Hunt, a retired Foreign Service officer, to serve as interim Director-General.

Additional Actions

The United States has assured the parties that it will take certain additional actions as required and, as appropriate, subject to congressional authorization.

- In the event the parties are unable to agree on the appointment of the Director-General, the appointment of the force commander, or MFO financial matters, the United States will make proposals which the parties will accept.
- The United States will use its best efforts to find acceptable replacements for contingents that withdraw from the MFO.
- The United States will take steps necessary to insure the maintenance of an acceptable MFO.

Finally, let me say a word about troop contributions from other countries. Egypt and Israel have asked the United States to assume the primary role in approaching potential contributors. In this we have had encouraging success. It appears thus far that we will be able to count on one battalion from Latin America and another from Asia. However, our approaches constitute ongoing diplomatic discussions which, within the countries concerned, are considered politically sensitive. I, therefore, believe that that subject would best be addressed in closed session.

Conclusion

We will be consulting with Egypt and Israel concerning a mutually agreeable time for the protocol to be signed, an event at which the United States will act as witness as was the case with the Treaty of Peace. The agreement will then come into force when each party has notified the other that all its constitutional requirements have been fulfilled. In the meantime Mr. Hunt, as interim Director-General, is empowered by the parties to undertake construction activity in the Sinai and other activities necessary to assure that the MFO can be in place by March 20, 1982, as agreed.

The conclusion of this agreement represents a victory for creative diplomacy. It also reflects the determination of both Egypt and Israel to proceed with the strengthening of peace between them despite severe obstacles. Our own undertakings are nothing more than what should be expected of a nation that has been, and is pledged to remain, a full partner in their historic endeavor. It is in this light that I request this committee to lend its support to what is truly an essential cornerstone in the emerging structure of peace in the Middle East.

I would like to emphasize the urgency of the task before us. Much remains to be done before the MFO can be in place. All available FY 1981 funds will be obligated by September, and legislation is essential if the necessary preparations are to continue without interruption in October and be completed by next March. I know that you will carefully examine the joint resolution we have proposed. My colleagues and I are prepared to respond to your questions and to be of all possible assistance in your consideration of this important legislation. I hope that you will be able to conclude your deliberations as soon as possible and report the resolution favorably with a view to its early passage.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Visit of Egyptian President Sadat

Egyptian President Anwar al-Sadat made a state visit to the United States August 4-9, 1981, to meet with President Reagan and other government officials. Following are remarks made at the arrival ceremony on August 5, an exchange of dinner toasts that evening, and remarks made on President Sadat's departure from the White House on August 6.

ARRIVAL REMARKS, AUG. 5, 1981[1]

President Reagan

It's an honor and a very great pleasure to welcome President and Mrs. Sadat, those who have accompanied them here from their country, and for their family. Egypt and the United States enjoy a warm and a strong relationship, testimony to the honest good will of the people of both nations and recognition of President Sadat's foresight and leadership.

We are today friends and partners. We've come to trust each other so much that the bonds of unity grow stronger each day. We are a young country; Egypt a nation mature and rich with the blessings of time, a nation which cradled Western civilization in its arms. History will record that in the last half of the 20th century, Egypt reemerged as a significant force among the nations, not by conquest but because one man, with the courage that it took, set out to lead mankind toward peace.

In 1799 the Rosetta Stone was discovered, a tablet that served as a key to the understanding of Egypt's history. Like that famous stone, President Sadat serves as a key to understanding the depth and character of the Egyptian people, opening the eyes of the world to new opportunities for peace.

Mr. President, earlier this year you said: "The answer to our present anxiety and fears in the world is not for us to cling to the past, with all its negative aspects, but to forge ahead toward a happier future."

Those words exemplify the values that speak well of your roots—roots planted deeply in the great and ancient culture of Egypt, roots planted deeply in the village culture of which you have spoken so often and so eloquently. We know what you have done was not intended to bring the blessing of peace just to your own nation, itself a lauditory goal, but to all the people of the Middle East, something smaller minds had discarded as impossible.

There are those who claim the engrained hatred can never be overcome. To them I assert President Sadat has shown the way. There are those who think that distrust will always submerge and suffocate faith. To them I assert President Sadat has shown the way. And there are those who say that peace is impossible, and are afraid to reach out. And, again, I assert President Sadat has shown the way.

You were a soldier. But your greatest victory came in preventing bloodshed and thereby capturing the hearts of peaceloving people everywhere. Your courage in taking the first step, your good faith in pursuing a tangible agreement with a former enemy, your maturity and moderation in the face of frustration since Camp David—all of these are worthy of a man whom history will undoubtedly label one of the 20th century's most courageous peacemakers.

I welcome this opportunity to get to know you personally and to discuss ways to strengthen our bilateral relations. We want you to know that although the Americans have changed Presidents, we have not altered our commitment to peace or our desire to continue building upon the achievements of Camp David.

Our mutual concern for the regional stability of the Middle East is a timely matter for discussion. External threats and foreign-inspired subversion menace independence. As we both know, the only beneficiary of violence, chaos, and blind hatred will be our adversaries.

But good men, with the help of God, cooperating with one another, can and will prevail over evil. We're anxious to explore with you the road ahead and to see that the Egyptian people enjoy the fruits of peace and security from aggression. You have taken the first steps on a long and arduous journey with many obstacles to overcome. But today, I assure you and the Egyptian people that we will walk that road together and that we will not be deterred from reaching our destination. [Applause]

President Sadat

Thank you for your very kind words. It is with pleasure and happiness that I chases Egypt may decide to make. The agreement is, in many respects, the same as agreements which the United States has concluded with a number of other countries and also contains special provisions which the executive branch believes should apply generally to U.S. peaceful nuclear cooperation in the region. Such agreements are required under the Atomic Energy Act of 1954, as amended, for the export of reactors, enriched uranium fuel, and other items. Additionally, the export of such items must still be licensed by the United States in accordance with our law.

For the United States, further procedures necessary before the agreement may enter into force are specified in the Atomic Energy Act. The signed agreement now will be transmitted to Congress. The statute provides that it may enter into force after 60 days of continuous congressional session unless during that time the Congress adopts a concurrent resolution disapproving the agreement.

In addition, under article III of the NPT, Egypt is obliged to conclude an agreement with the International Atomic Energy Agency (IAEA). The treaty requires that the agreement with the IAEA provides for the application of safeguards on all nuclear materiel in all peaceful nuclear activities in Egypt, under its jurisdiction, or carried out under its control anywhere. No cooperation can take place under our agreement until Egypt's safeguards agreement with the IAEA is in effect. Egypt and the IAEA initialed such an agreement on June 25.

U.S. Government financing support is not dealt with in the present agreement. Egypt has stated that it will earmark up to $500 million annually from its oil-export revenues for alternative sources of energy, including nuclear power. Nuclear power plant suppliers from the United States and other countries are keenly interested in participating in Egypt's peaceful nuclear power development program.

The U.S. Government wishes to reiterate its support and appreciation for Egypt's decision to ratify the NPT. This is an important step toward controlling the dangers of the spread of nuclear explosives and yet another affirmation of Egypt's commitment to peace and stability in the Middle East and Africa under the courageous and statesmanlike leadership of President Sadat.

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[1] Made available to news correspondents by Department spokesman Dean Fischer.■

Nuclear Nonproliferation Policy

PRESIDENT'S STATEMENT, JULY 16, 1981.[1]

Our nation faces major challenges in international affairs. One of the most critical is the need to prevent the spread of nuclear explosives to additional countries. Further proliferation would pose a severe threat to international peace, regional and global stability, and the security interests of the United States and other countries. Our nation has been committed on a bipartisan basis to preventing the spread of nuclear explosives from the birth of the Atomic Age over 35 years ago. This commitment is shared by the vast majority of other countries. The urgency of this task has been highlighted by the ominous events in the Middle East.

The problem of reducing the risks of nuclear proliferation has many aspects, and we need an integrated approach to deal with it effectively. In the final analysis, the success of our efforts depends on our ability to improve regional and global stability and reduce those motivations that can drive countries toward nuclear explosives. This calls for a strong and dependable United States, vibrant alliances and improved relations with others, and a dedication to those tasks that are vital for a stable world order.

I am announcing today a policy framework that reinforces the long-standing objectives of our nation in nonproliferation and includes a number of basic guidelines. The United States will:

- Seek to prevent the spread of nuclear explosives to additional countries as a fundamental national security and foreign policy objective;
- Strive to reduce the motivation for acquiring nuclear explosives by working to improve regional and global stability and to promote understanding of the legitimate security concerns of other states;
- Continue to support adherence to the Treaty on the Nonproliferation of Nuclear Weapons and to the Treaty for the Prohibition of Nuclear Weapons in Latin America (treaty of Tlatelolco) by countries that have not accepted those treaties;
- View a material violation of these treaties or an international safeguards agreement as having profound consequences for international order and U.S. bilateral relations and also view any nuclear explosion by a non-nuclear-weapon state with grave concern;
- Strongly support and continue to work with other nations to strengthen the International Atomic Energy Agency (IAEA) to provide for an improved international safeguards regime;
- Seek to work more effectively with other countries to forge agreement on measures for combating the risks of proliferation; and
- Continue to inhibit the transfer of sensitive nuclear material, equipment, and technology, particularly where the danger of proliferation demands, and to seek agreement on requiring IAEA safeguards on all nuclear activities in a non-nuclear-weapon state as a condition for any significant new nuclear supply commitment.

I am also announcing that I will promptly seek the Senate's advice and consent to ratification of protocol I of the treaty of Tlatelolco.

The United States will cooperate with other nations in the peaceful uses of nuclear energy, including civil nuclear programs to meet their energy security needs, under a regime of adequate safeguards and controls. Many friends and allies of the United States have a strong interest in nuclear power and have, during recent years, lost confidence in the ability of our nation to recognize their needs.

We must reestablish this nation as a predictable and reliable partner for peaceful nuclear cooperation under adequate safeguards. This is essential to our nonproliferation goals. If we are not such a partner, other countries will tend to go their own ways, and our influence will diminish. This would reduce our effectiveness in gaining the support we need to deal with proliferation problems. To attain this objective, I am:

- Instructing the executive branch agencies to undertake immediate efforts to insure expeditious action on export requests and approval requests under agreements for peaceful nuclear cooperation where the necessary statutory requirements are met; and
- Requesting that the Nuclear Regulatory Commission act expeditiously on these matters.

The Administration will also not inhibit or set back civil reprocessing and breeder reactor development abroad in nations with advanced nuclear power programs where it does not constitute a proliferation risk.

The United States will support IAEA programs and other international cooperative efforts in the areas of nuclear safety and environmentally sound nuclear waste management.

To carry out these policies, I am instructing the Secretary of State, working with the other responsible agencies, to give priority attention to efforts to reduce proliferation risks, to enhance the international nonproliferation regime, and, consistent with U.S. security interests, to reestablish a leadership role for the United States in international nuclear affairs.

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[1] Text from Weekly Compilation of Presidential Documents of July 20, 1981. The White House issued a fact sheet on the President's statement on July 16. ■

Conventional Arms Transfers Policy

Following are a White House announcement concerning a Presidential directive on U.S. arms transfers policy of July 9, 1981, and a statement by James L. Buckley, Under Secretary for Security Assistance, Science, and Technology, before the Senate Foreign Relations Committee on July 28.

WHITE HOUSE ANNOUNCEMENT, JULY 9, 1981[1]

On July 8, the President signed a directive on conventional arms transfer policy, which superseded Presidential Directive 13 of May 13, 1977. The new arms transfer policy follows.

The challenges and hostility toward fundamental U.S. interests, and the interests of its friends and allies, have grown significantly in recent years. These trends threaten stability in many regions and impede progress toward greater political and economic development.

The United States cannot defend the free world's interests alone. The United States must, in today's world, not only strengthen its own military capabilities but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance. Such transfers complement American security commitments and serve important U.S. objectives. Prudently pursued, arms transfers can strengthen us.

The United States, therefore, views the transfer of conventional arms and other defense articles and services as an essential element of its global defense posture and an indispensable component of its foreign policy. Applied judiciously, arms transfers can:

- Help deter aggression by enhancing the states of preparedness of allies and friends;
- Increase our own Armed Forces' effectiveness by improving the ability of the United States, in concert with its friends and allies, to project power in response to threats posed by mutual adversaries;
- Support efforts to foster the ability of our forces to deploy and operate with those of our friends and allies, thereby strengthening and revitalizing our mutual security relationships;
- Demonstrate that the United States has an enduring interest in the security of its friends and partners and that it will not allow them to be at a military disadvantage;
- Foster regional and internal stability, thus encouraging peaceful resolution of disputes and evolutionary change; and
- Help to enhance U.S. defense production capabilities and efficiency.

Attainment of these objectives in turn requires effective U.S. Government control and direction over arms transfers. Because of the diversity of U.S. security interests, this Administration will tailor its approach to arms transfer requests to specific situations and exercise sufficient flexibility to respond promptly to changes affecting the mutual interests of the United States and its allies and friends. We will review such requests with care.

The United States will evaluate requests primarily in terms of their net contribution to enhanced deterrence and defense. It will accord high priority to requests from its major alliance partners and to those nations with which it has friendly and cooperative security relationships. In making arms transfer decisions the United States will give due consideration to a broad range of factors including:

- The degree to which the transfer responds appropriately to the military threats confronting the recipient;
- Whether the transfer will enhance the recipient's capability to participate in collective security efforts with the United States;
- Whether the transfer will promote mutual interests in countering externally supported aggression;
- Whether the transfer is consistent with U.S. interests in maintaining stability within regions where friends of the United States may have differing objectives;
- Whether the transfer is compatible with the needs of U.S. forces, recognizing that occasions will arise when other nations may require scarce items on an emergency basis;
- Whether the proposed equipment transfer can be absorbed by the recipient without overburdening its military support system or financial resources; and
- Whether any detrimental effects of the transfer are more than counterbalanced by positive contributions to U.S. interests and objectives.

All requests will be considered on a case-by-case basis. Those for coproduction, or the transfer of sensitive or advanced technology, will receive special scrutiny, taking into account economic and industrial factors for both the United States and other participating countries, the importance of arms cooperation with NATO and other close friends and allies, potential third party transfers, and the protection of sensitive technology and military capabilities.

Particular care must be taken to avoid any adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. Therefore, careful consideration will be given to lower-cost alternatives including adaptations of military equipment for sale abroad, recognizing that first-line systems may not suit the needs of many countries. This consideration of the full range of available American alternatives will take place at every stage of review.

U.S. Government representatives overseas will be expected to provide the same courtesies and assistance to firms that have obtained licenses to market items on the U.S. munitions list as they would to those marketing other American products.

The policy changes being initiated should not be seen as heralding a period of unrestrained military transfers. The United States retains a genuine interest in arms transfer restraint and remains prepared to consider specific proposals directed toward that end. There has tain your skilled labor and capital? How can you create predictable, favorable conditions for enterprise? Such ideas as insurance against political risk for domestic as well as foreign investment, investment treaties insuring fair treatment, regional investment codes, and, in general, more favorable tax and legal treatment for investment should be considered.

Fourth, we recognize that supply alone can't do it; action on demand is also needed. This is one place where the United States has a potentially large role to play. We take nearly three-fifths of the area's exports and provide even a larger portion of its tourists. Our arrangements are already generous—86% of our imports from the basin are duty free the tourist allowance is substantial.

But further access to the U.S. market could have major impact in these small countries. Because they are so small, new access, if appropriately designed and safeguarded, need not upset the balance of the market in the United States. We recognize that the remaining 14% of our imports from the area that are dutiable are nearly all sensitive items. We hope to work closely with industry, labor, and the Congress to make sure those interests are appropriately listened to and secured.

Fifth, a coherent plan cannot be put together without more official assistance than the area is now receiving. That assistance can come from other donors in Europe and Japan. Importantly, it can come from the international financial institutions. But it must also come from the United States.

The President has determined that we must respect existing budget guidelines, but that within that constraint, a substantial additional effort for the Caribbean Basin will be made. Increased assistance from us should be closely geared to supporting private investment opportunities through agricultural and industrial credit and some infrastructure projects.

Finally, while the overall concept of action should be multilateral, actual benefits should be given on a bilateral basis, so that the conditions of each recipient and each donor can be satisfied.

What Happens Next?

Ambassador [U.S. Trade Representative William E.] Brock has been asked by the President to coordinate positions on trade, investment, and aid for the action plan. This is the first time, I believe, we have attempted a comprehensive approach to development combining the three areas. It should give us a capability we have not had before. The U.S. Trade Representative will begin consulting with industry, labor, and the Congress in the early fall.

On the international side, the next key date is the second meeting of the four partners, probably in Bermuda. That is when decisions on how to draw up the action plan will be taken.

Conclusion

I do not want to belittle in any way the obstacles ahead. We have never before attempted a broad collective effort of this kind for a whole region, nor have we attempted to combine trade, investment, and aid in a coordinated approach. No doubt the initiative will take longer and be more difficult to carry off than even now, we believe.

Nor do I want to give the impression that economic development can alone solve the security and political problems of the area. They must receive military and political answers. But only in economically successful countries can truly democratic political institutions flourish. Creating the conditions for that is our objective.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] Secretary Haig met with Foreign Ministers of Canada, Mexico, and Venezuela to discuss Caribbean economic cooperation, at Nassau, the Bahamas, July 10–12. A joint communique was issued July 11 to begin immediate consultation with Caribbean and Central American governments in an effort to stimulate the social and economic development of the Caribbean Basin area.■

El Salvador: The Search for Peace

by Thomas O. Enders

Address before the World Affairs Council in Washington, D.C., on July 16, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.

This winter one of our neighbors, El Salvador, was the target of a deadly challenge. On January 10, insurgent groups that had developed in El Salvador—but had united with Cuban help, had trained many of their people in Cuba, and had just obtained infusions of modern arms through Cuba—launched a "final offensive" to overthrow the Salvadoran Government.

Timing was critical to the guerrillas. On January 9, the insurgents' Radio Liberation boasted from Nicaragua that the offensive to be launched the next day meant that the new President of the United States would come to office too late to stop the guerrilla victory. But an unspoken internal factor was probably more important. In 1980 the new Salvadoran Government—after its predecessors had for years ignored pressing socioeconomic problems—had started a program of land reform to benefit the poor. The reform addressed key issues that the insurgents had hoped to exploit as their own. Every passing day was demonstrating that the guerrillas' premises—that they were dealing from strength at home and abroad—were wrong.

El Salvador is, in area, the smallest mainland country of Latin America. It has not quite 5 million people. But it is our neighbor. When El Salvador appealed for our help to ward off an externally armed attack, both the Carter and Reagan Administrations responded. The reason is simple. We cannot be indifferent to outside threats to the security of any friendly country so close to our shores.

A vital fact must be recognized: Cuba is manipulating and feeding the violence in El Salvador. Cuba helped Marxist groups to unify and has been backing them with military training, arms, and propaganda. This pattern is not unique.

- Cuba applied it in Nicaragua, first to help overthrow the government, then to influence the new one.
- With variations, Cuba is attempting to repeat this pattern in Guatemala and elsewhere in Central America.
- And in South America last February, armed insurgents landed in Colombia in an attempt to undermine one of the hemisphere's most respected democracies. The landing force had just completed 3 months of combat training in Cuba.

Had the United States not responded to El Salvador's appeal for help, no country in the area could have considered itself safe from Cuban-backed violence.

Today, as in the past, the basic policy of the United States is to try to help resolve the problems of frail government institutions, of poverty, and of underdevelopment that create vulnerabilities to this form of aggression. But when trained guerrillas with outside backing take up machineguns, mortars, and recoilless rifles, no amount of fertilizers, schools, or clinics can prevent them from sowing terror or attempting to seize power by force. That is why we responded to the appeals of the Salvadoran Government to supplement our economic assistance with military assistance, and that is why we believe we should continue military aid in the small amounts we are providing.

Contrary to the insurgents' expectations, the Salvadorans contained the immediate January offensive on their own. Our assistance since has enabled the Duarte government to prevent the insurgents from turning their continuing outside support to new military advantage. Even more importantly, our assistance gives the Salvadoran people a chance to defend their right to self-determination by developing a political solution to the conflict.

The Need for a Political Solution

And that is what I would like to talk about today: a political solution. For just as the conflict was Salvadoran in its origins, so its ultimate resolution must be Salvadoran.

For more than 18 months, El Salvador has had a government with a consistent and stable policy, one that emphasizes domestic reform, closer trade and diplomatic relations with neighboring nations, and firm resistance to outside intervention.

El Salvador, however, remains a divided country. It is divided between the insurgents and a great majority that opposes the extreme left's violent methods and foreign ties. It is divided between an equally violent minority on the extreme right that seeks to return El Salvador to the domination of a small elite and a great majority that has welcomed the political and social changes of the past 18 months.

The insurgents are divided within their own coalition—between those who want to prolong their ill-starred guerrilla campaign and those who are disillusioned by their failure to win the quick military victory their leaders had proclaimed inevitable; between those who despise democracy as an obstacle to their ambitions to seize power and those who might be willing to engage in democratic elections.

Finally, the vast majority of Salvadorans in the middle are also divided—over whether to emphasize the restoration of the country's economic health or the extension of the country's social reforms; between those who honor the army as one of the country's most stable and coherent institutions and those who criticize it for failing to prevent right-wing violence; between those who see the need to develop participatory institutions and those who maintain that there is no alternative to the old personalistic politics.

Only Salvadorans can resolve these divisions. Neither we nor any other foreign country can do so. It is, therefore, critical that the Salvadoran Government itself is attempting to overcome these divisions by establishing a more democratic system. We wholeheartedly support this objective—not out of blind sentiment, not out of a desire to reproduce everywhere a political system that has served Americans so extraordinarily well, and certainly not because we underestimate the difficulties involved. Rather we believe that the solution must be democratic because only a genuinely pluralistic approach can enable a profoundly divided society to live with itself without violent convulsions, gradually overcoming its differences.

Proposed Steps

How can a country beset by so many troubles get from here to there? **The first thing to say is that promises must be kept.**

One can debate endlessly about El Salvador's land reform—whether the takeover of the big farms might have a high penalty in lost production for export, whether one can really give clear titles to over 200,000 individual peasant workers, and so forth. But the changes that have already taken place are real. The issue is no longer whether land reform is advisable or not. The issue now is how to consolidate and perfect what has been done. Individual titles are a practical necessity if peasants are to know that their new opportunities to work their own way out of subsistence poverty are fully legitimate. There is no other choice if economic and social chaos and an eventual guerrilla victory are to be avoided.

This understood, the compensation promised should also be provided and on a just and effective basis. This is not only a matter of right, it is a practical necessity. El Salvador is known for the vigor and skill of its modern entrepreneurs, but entrepreneurs will not stay and work in El Salvador or anywhere else if they cannot expect fair treatment.

Titling and compensation would bring important elements of stability to the reform process. In addition, the assurance that existing reforms will be made to work before new economic changes are introduced, and that predictable rules of the game will be developed in consultation with both

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Thomas O. Enders was born in Hartford, Connecticut, on November 28, 1931. He graduated first in his class with a B.A. degree in history and economics from Yale (1953), took a Doctor of University degree in colonial history from the University of Paris (1955), and received an M.A. degree in economics from Harvard (1957).

Ambassador Enders entered the Foreign Service in 1958 and was assigned to the Department's Bureau of Intelligence and Research. In 1960 he was assigned to Stockholm. He subsequently served in the Bureau of European Affairs, as Special Assistant to the Under Secretary for Political Affairs, and in 1968 became Deputy Assistant Secretary for International Monetary Affairs in the Bureau of Economic Affairs.

He was Deputy Chief of Mission at the U.S. Embassy in Belgrade in 1969 and at the Phnom Penh in 1970; at the latter post, he served as Charge d'Affaires beginning in September 1973.

Ambassador Enders was Assistant Secretary for Economic and Business Affairs from July 1974 until February 1976 when he was appointed Ambassador to Canada. He was U.S. Representative to the European Communities in Brussels from November 1979 until June 23, 1981, when he was sworn in as Assistant Secretary for Inter-American Affairs. Ambassador Enders is a Career Minister in the Foreign Service and received the Arthur S. Fleming award as one of the 10 outstanding young men in the Federal Government in 1970.

Department of State bulletin

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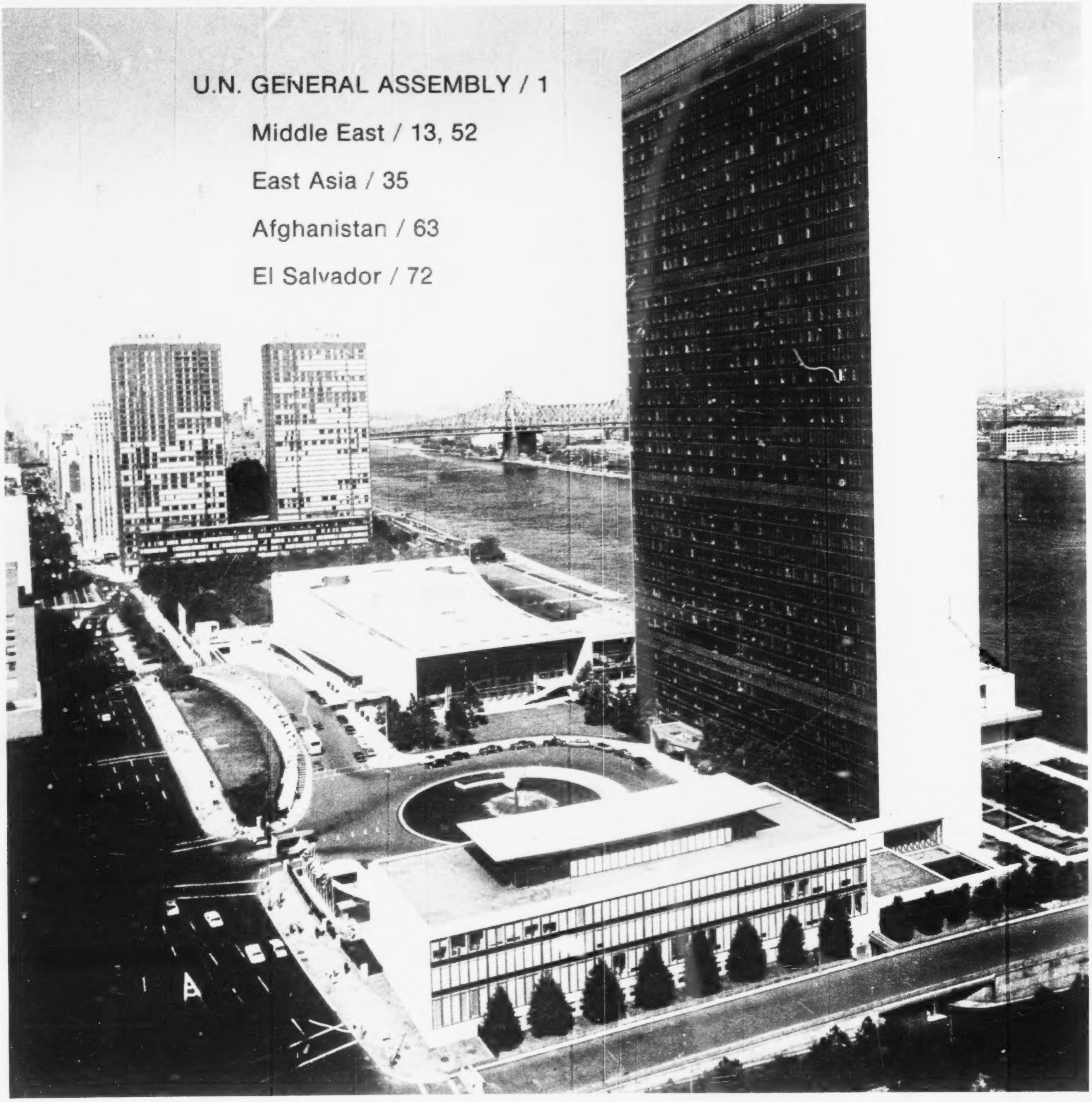
October 1981



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international stability. We welcome the Secretary General's effort to promote intercommunal talks and a just settlement on Cyprus. We support a continuing role by the Secretary General's representative in the Iraq-Iran conflict. And South Korea's attempt to initiate a dialogue with the north epitomizes the search for peaceful settlement that is the heart of the charter.

One of the greatest dangers to the charter today and to development itself is the willful violation of the national integrity of both Afghanistan and Kampuchea by the Soviet Union and Vietnam. Their behavior challenges the basic rights of all sovereign states. The world's hopes for peace, for security, and for development will be jeopardized if "might makes right" becomes the law of nations.

The United States will continue to support security and stability as essential to progress. This is the basis of our active and continuing efforts to strengthen and expand the cease-fire in southern Lebanon. We shall also assist the negotiations specified by Resolutions 242 and 338 in order to bring a just and lasting peace to the Middle East. Our policy is to remain a credible and reliable party in the negotiations to bring independence to Namibia on the basis of U.N. Resolution 435 and in a fashion acceptable to both the nations concerned and the international community.

The United States also believes that efforts to control arms, either among regional states or between the superpowers, can make an important contribution to the security that facilitates development. But these efforts do not occur in a vacuum. The international community has tended to overestimate the beneficial effects of the Strategic Arms Limitation Talks in dampening regional conflict. We have also tended to underestimate the impact of such conflict on the negotiations themselves.

The United States is strongly committed to balanced and verifiable arms control. We are equally committed to the peaceful resolution of regional disputes. Clearly, the restraint implied by arms control must become a more widespread phenomenon if such agreements are to survive and to make their proper contribution to a more secure environment for development.

In Pursuit of Growth

The United States is confident that a strategy for growth guided by these principles can succeed. We believe that three areas of action deserve immediate international attention.

First, a global expansion of trade. Plans could be formulated for the 1982 GATT ministerial with the special concerns of growth in mind. A major priority should be to integrate more fully the developing countries into the international trading system on the basis of shared responsibilities and benefits.

Second, an increase in investment. Our common objective should be to stimulate domestic and international private investment. We must encourage and support the individual investor.

Third, stronger international cooperation in food and energy. The recent U.N. Conference on New and Renewable Sources of Energy recommended that the developing countries be assisted in assessing their energy resources and determining the best way to exploit them. The U.N. Development Program and the World Bank have important followup responsibilities. And we must all work to engage more effectively private participation in exploration and production in oil-importing developing nations.

Domestic and international action must also go hand in hand to achieve food security. The United States continues to be the largest donor of food aid and places a paramount emphasis on its bilateral program to help developing countries increase food production. Greater attention should be given to scientific and technological research that will yield more bountiful food supplies.

I have outlined today the broad principles that guide America's approach to new strategy for growth. In the immediate future, and prior to the Cancun summit, we will announce specific proposals to deal with this and other issues of development.

Dialogue for the Future

These broad principles reflect our view that the United States can and will continue to make an essential contribution to the process of development. We do not claim to have all of the answers. But we do believe that our collective responsibilities for the future allow no more time to be lost in sterile debates and unrealistic demands. The time has come for a reasoned dialogue with promise for the future.

The search for economic progress, social justice, and human dignity has always been supported by the American people, themselves an example of successful development. Our initiatives and resources, through bilateral programs, the United Nations and other multilateral agencies, have made major contributions to the process of modernization throughout the world. For the United States, support of development constitutes a practical imperative.

At the Ottawa summit the United States reaffirmed its willingness to join its partners in exploring all avenues of consultation and cooperation with developing countries. In October, President Reagan will go to the summit meeting in Cancun, Mexico. He looks forward to a genuine and open exchange of views on questions of economic development and international cooperation. The Cancun summit offers a novel opportunity to gain fresh understanding of the problems we face together. The United States will join in a constructive and cooperative spirit.

Our objective is to bring about a new era of growth. But the purpose of both growth and development goes beyond materialism. As Winston Churchill said: "Human beings and human societies are not structures that are built, or machines that are forged. They are plants that grow and must be treated as such."

Despite the difficulties of the moment, we should go forward in a spirit of optimism. We have the *vision* bequeathed to us by the charter. We have the *potential* of the peoples represented in this room. Let us go forward together to achieve a new era of growth for *all* mankind.

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[1] Press release 320. ■

Members of the League of Nations and the United Nations

The United Nations is the direct successor to the League of Nations created in 1920 by the peace treaties ending World War I. Similar in organization to the United Nations, the League was also intended to promote international peace and progress. But the League never had more than one-third as many members as the United Nations has today.

Many countries still under colonial rule were ineligible for membership in an organization restricted to sovereign states. However, India, though not fully self-governing, was an original member of the League because it had taken part in the peace conferences and signed the treaties as a separate unit of the British Empire. Iraq was admitted to the League in 1932 even though it was still dependent on the United Kingdom in foreign affairs. Nor did the major powers all participate fully in League activities. The United States chose not to join. And when the U.S.S.R. became a member in 1934, Brazil, Germany, and Japan had already withdrawn.

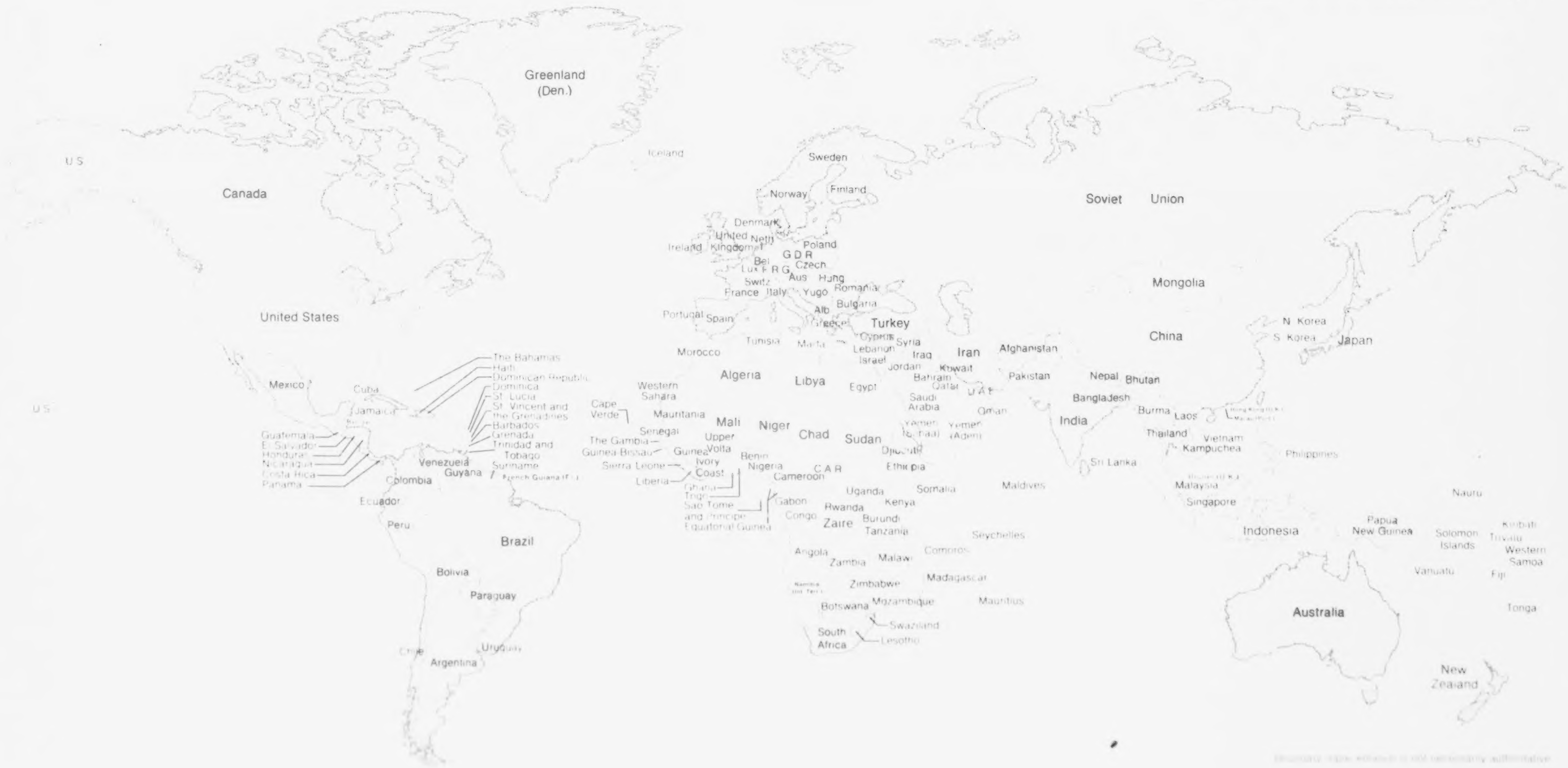
As World War II drew to a close in 1945, the Charter of the United Nations was signed by 51 allied nations, including two constituent republics of the U.S.S.R., the Ukraine and Byelorussia. By 1965 membership had doubled and by 1981 had tripled to the current total of 155. Approximately half of the members are former colonies which achieved their independence after World War II.

Countries absent from both the League and the United Nations are Andorra, Liechtenstein, San Marino, and the Vatican. Switzerland joined the League but not the United Nations. North Korea has never sought U.N. membership while proposals to admit South Korea have been vetoed by the U.S.S.R.

Note: Belize became the 156th member of the United Nations on September 25, 1981

☐ Member of League of Nations and United Nations

☐ Member of United Nations only



Greenland (Den.)
Iceland
U.S.
Canada
United States
U.S.
Mexico
Cuba
Jamaica
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
The Bahamas
Haiti
Dominican Republic
Dominica
St. Lucia
St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Suriname
French Guiana (Fr.)
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Sweden
Norway
Finland
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United Kingdom
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Qatar
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Pakistan
Morocco
Algeria
Libya
Egypt
Saudi Arabia
Oman
Western Sahara
Cape Verde
Mauritania
Mali
Niger
Chad
Sudan
Yemen (Sanaa)
Yemen (Aden)
Senegal
The Gambia
Guinea-Bissau
Guinea
Upper Volta
Benin
Sierra Leone
Ivory Coast
Nigeria
C.A.R.
Djibouti
Ethiopia
Liberia
Ghana
Togo
Cameroon
Sao Tome and Principe
Equatorial Guinea
Gabon
Congo
Uganda
Somalia
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Seychelles
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Comoros
Namibia (Int. Terr.)
Zimbabwe
Madagascar
Botswana
Mozambique
Mauritius
Swaziland
South Africa
Lesotho
Soviet Union
Mongolia
China
N. Korea
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Japan
Nepal
Bhutan
Bangladesh
India
Sri Lanka
Burma
Laos
Thailand
Vietnam
Kampuchea
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
Nauru
Solomon Islands
Kiribati
Tuvalu
Western Samoa
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New Zealand
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meet with you, and I'm going to hold a dialogue which is certain to strengthen the structure of peace and enrich our perception of the world today. We look upon you with admiration and esteem. You're a man of faith and determination. Your leadership is inspiring. Your commitment is unwavering. Since you assumed your awesome responsibility as the leader of this great nation, you've set an admirable record of achievement and fulfillment.

You vowed to work for a stronger America, capable of confronting the challenges of our age. You pledged to exert tireless efforts in order to make the world more secure and just. You promised to introduce a better international equilibrium for the benefit of free nations. Within a few months much has been achieved through your vigor and determination. We remain hopeful that much more will be attained in the months and years ahead. We are holding our talks at a crucial moment. It is crucial for our region, for the Middle East, for the United States, and for the world at large. The rising tension and violence which we witnessed during the past few weeks in our area is a living evidence of the urgent need for a comprehensive peace in the Middle East.

No other goal is more pressing or crucial. At the same time, no other nation is more qualified to serve and safeguard the noble cause than your great nation. I am confident that you will assume this responsibility with a sense of purpose and history, and I'm sure also that you will continue to play the role of the full partner willingly and vigorously.

We are equally committed to the cause of peace. No event or development can shake our belief that peace is the word of God and the only road to a happy future. It is a sacred mission that doesn't belong to a few persons or to one nation; rather, it belongs to mankind.

While I look forward to our talks today and in the days ahead with optimism and confidence, I am sure much will depend on our common strategy for peace and stability. Much needs to be done to strengthen peace in the Arab world, in Africa, and in the Third World. New steps have to be taken to introduce a global balance that does not leave small nations under the mercy of those who possess the means of pressure and intervention.

I would like to address a word of appreciation and gratitude to the gallant American people. We are proud of our friendship and cooperation. You are a great companion and a most reliable friend, and like us in Egypt you are a nation of believers. We shall do all that we can to bolster this friendship and intensify our cooperation in all fields. May God Almighty illuminate our way and guide our steps. Together we shall overcome. [Applause]

White House photo by Mary Anne Fackelman

EXCHANGE OF TOASTS, AUG. 5, 1981[2]

President Reagan

Tonight we welcome a man who leads a nation recognized for its magnificent contributions to mankind. His depth of character and hard-won accomplishments suggest that Egypt's contributions will not be limited to those of antiquity.

In the recent past, there have been few foreign leaders who have truly captured the hearts of the American people. Anwar Sadat is one of those rare exceptions. Historians often argue about whether events are shaped by people or people by events. There's little doubt that the man we honor this evening is an individual who shaped history.

It's truly an honor to have you with us. I know that you struggled many years and played a prominent role in creating an organization which brought independence to your country. But then on the night of the revolution when it actually began, you were in a movie theater watching a picture with your family. You wouldn't by chance remember who happened to be in that movie, would you? [Laughter; applause] I never won an Oscar but a revolution would do. [Laughter]

But seriously, those charged with enormous responsibility are, after all, people and must have a very human quality of flowing with events. Nevertheless, some, like the man we honor tonight, do more than live through history—they make it. And you could have let the flow of events continue unchecked. Instead, with brilliant insight, you recognized an opportunity and seized the moment.

During your historic journey to Jerusalem, you explained—there come moments when it becomes imperative for those endowed with wisdom and lucidity of vision to penetrate beyond the past with all its complications and vestiges to usher in an undaunted move toward new horizons. More than wisdom, it takes courage to make fundamental decisions—the kind that you talked about.

Time and time again, he has demonstrated that vital courage as well as a majestic sense of decency and dedication to universal human principles. Instead of pounding on podiums and romanticizing the illusionary glory of conflict, President Sadat set goals for his people of peace, prosperity, and freedom. As your people have strived for these ends, Americans and Egyptians have unavoidably been drawn together—unavoidably because we share the same goals. And as many who have visited both nations point out, we—the Egyptians and Americans—are similiar people. Certainly our love of freedom and independence unites us.

In a passage reminiscent of our own Thomas Jefferson, President Sadat penned his definition of freedom in his autobiography: "Freedom," he said, "is the most beautiful, holy, and precious fruit of our culture. And individuals should never be made to feel that he's at the mercy of any force or coercion or that his will is subordinated to that of others."

We're grateful to have in Egypt a full partner in achieving our mutual goals which include our common determination to making the blessings of peace available to all the people of the Middle East. We will sincerely endeavor to help where possible, and we want you to know that all of your efforts, your forbearance in times of frustration, and, most of all, your goodwill, is appreciated. You are following a path that is natural for us. You've said: "No man can be honest with others unless he is true to himself."

The ancient pharaohs built pyramids to their glory. Your monuments are strong and healthy young men alive today because you pursued peace—symbols to all mankind that there is a better way.

I ask all of our friends who are with us here tonight to join me in a toast to the Egyptian people and to their gallant President and his lovely wife.

President Sadat

We are overwhelmed by your genuine hospitality and warmth. The sentiments President Reagan expressed toward me and the Egyptian people clearly reflect the bonds of friendship and amity which exist today between our nations.

For years we worked hand-in-hand to set our relations on the course which is compatible with the long history of mutual respect and admiration between our peoples. We are determined to cement this friendship even further.

Our meeting today was an historic one by any measure. Let me state first that I was delighted to meet you and strike an everlasting friendship with you. You are a statesman of conviction and compassion. You have a clear vision of the world and our duty to make it safer and happier for the living generations and those to come. Your priorities are rightly set. I was pleased that we are in full agreement over the issues we discussed.

Your nation has played a pivotal role to bring about peace in the Middle East. No progress, as I told you in the morning, would have been made without such an active and dynamic role. No result would have been achieved, but with your help we have taken gigantic steps on the road to peace.

When we launched our peace initiative, we had in mind the support of the American people. And as we prepared for the second stage we count on your continued interest and backing. Together we shall continue to work vigorously until the sacred mission is fulfilled. What I heard from you today was very encouraging, indeed.

We believe that the time is right for the resumption of the peace process. This event in the area demonstrated beyond any doubt that we cannot wait long if we are to spare the region further destruction and devastation. We must take additional steps promptly and without delay in order to maintain the momentum for peace. We are determined to complete our mission. We will not be deterred or discouraged by any development.

A new initiative, a bright side of this event was the willingness of the Palestinians to accept a cease-fire in Lebanon and uphold it. This is a turning point that should not escape our notice. In effect, it means that for the first time the Palestinians have come close to endorsing the peaceful solution. Those who are genuinely interested in peace in the Middle East should recognize this positive development and build upon it for the good of all nations.

At the same time this is an added ammunition for our goal for mutual and simultaneous recognition between the Israelis and the Palestinians. As I have repeatedly said, the answer to persisting fears and suspicions is a real willingness to coexist and live together as good neighbors. We have set a good example with the establishment of peace between Egypt and Israel within the context of a comprehensive settlement. That model applies to the relation between Israel and the other party.

You can help this process of reconciliation by holding a dialogue with the Palestinians through their representatives. This is certain to strengthen the forces of moderation among them. It would also undermine the designs of those who exploit the present state of affairs for their own self ends. It would be an act of statesmanship and vision.

If we succeed to achieve tangible progress with respect to the Palestinian problem, a whole new situation will emerge. We will be able to confront the real challenges we face. They are challenges which involve the survival of many nations and the protection of the vital interests of the West. I am confident that we will meet these challenges decisively and without hesitation.

I came here hopeful and optimistic. After our first session, I have become most confident and certain under your upright and under your inspiring leadership; this great country can realize its dreams and reach its goals.

On behalf of the Egyptian people I invite you and your family to visit Egypt. This will give our people an opportunity to express to you directly their feelings of gratitude and respect. Such a visit will also serve the cause of peace and stability in the Middle East. It will enable us to pursue this stimulating dialogue and bolster the bonds of friendship and mutual understanding.

Allow me to invite you to rise in a tribute to President Reagan, Mrs. Reagan, and the friendly people of the United States.

DEPARTURE REMARKS, AUG. 6, 1981[3]

President Reagan

Sadly the time has come for a farewell. I hope it will only be an *au revoir* and that we will be meeting again soon. My meetings with President Sadat have now ended, and I want to say how valuable our exchanges have been and how encouraged I am with the progress that has been made and how much I personally have learned from President Sadat about the complexities of the problems that we all face in seeking a just and lasting peace in the Middle East.

I am greatly impressed with his intimate knowledge and his passionate concern. Our talks covered three general areas; first, the growing strategic threat to the region posed by the growth of Soviet military power and the activities of Soviet surrogates in the Near East, Southwest Asia, and Africa. The second issue, discussed in great detail, was the peace process, and here, to be completely candid, I was a willing listener. We are both anxious to insure that the negotiating process stemming from the Camp David agreements will resume and succeed. President Sadat has urged that the United States continue to play an important role in this process and this we will do. I will be meeting with other Middle East leaders in the coming months to continue the process of sharing views with our friends about our common goals of peace, stability, and security in the area.

The third area that we discussed had to do with the growing bilateral relations between the United States and Egypt. We covered issues of mutual security, military cooperation, and economic matters. President Sadat shares our belief that a strong defense and a strong economy go hand-in-hand. We will work closely with Egypt as full partners in our search for peace and stability in the Middle East.

And finally, let me add another personal note. I had, of course, heard a great deal about President Sadat and was optimistic that we would establish a close rapport. My optimism was justified. I respected him for all that he has done and getting to know him has vastly increased that respect. I share his belief that with courage, determination, foresight, and a bold vision of the future, we can succeed in our common endeavors.

been, however, little or no interest in arms transfer limitations manifested by the Soviet Union, or the majority of other arms-producing nations. In the absence of such interest, the United States will not jeopardize its own security needs through a program of unilateral restraint. At the same time, recognizing the special role that its major allies can play in strengthening common friends, it will seek to develop complementary policies with those allies.

The realities of today's world demand that we pursue a sober, responsible, and balanced arms transfer policy, a policy that will advance our national security interests and those of the free world. Both in addressing decisions as to specific transfers and opportunities for restraint among producers, we will be guided by principle as well as practical necessity. We will deal with the world as it is, rather than as we would like it to be.

UNDER SECRETARY BUCKLEY, JULY 28, 1981[2]

I am pleased to be here today to discuss the Administration's conventional arms transfer policy and to answer any questions you may have about it. The policy directive signed by the President on July 8 capped an interagency effort of several months to design an approach to arms transfer that would support the President's foreign policy and national security goals. Those goals include restoration of a greater degree of global stability and balance that will allow individual societies to develop their own economies and pursue their own political and social destinies in peace free of outside intervention or coercion.

That objective cannot be achieved, however, without an America that is strong enough to protect its own legitimate interests around the globe while helping other strategically located nations to enhance their own ability to protect themselves. The fact that must be recognized, in assessing the Administration's arms transfer policy, is the degree to which key regions of the world have become destabilized in recent years, and critical American interests brought under potential challenge.

This statement raises obvious questions: What are those U.S. interests that are being challenged, and what are the sources of this instability? In keeping with the committee's interest today, I am addressing these issues in the narrow context of arms transfer policy. Thus the policy rationale which follows makes no attempt to deal comprehensively with the many other interests encompassed by our foreign policy. It does not, for example, include an analysis of the economic, political, human rights, and other considerations which are major factors in our approach to the Third World, nor of the powerful impact on our policy of our ties with traditional allies.

Regional Concerns

We must maintain and strengthen the NATO alliance in all its political, economic, and military dimensions. But we also have the most obvious interest in a stable and lasting peace in the Middle East and in continued access to its oil resources and to the peaceful transit of Western shipping through the Persian Gulf and the Suez Canal. In Africa, we need to preserve our access to strategically important minerals on which our high-technology economy literally depends; while in Southeast Asia, we, along with other Pacific industrial powers, require assurance that the Strait of Malacca will remain open to our commerce. In our own backyard, we have the most obvious interest in preventing the colonization of Central America by an ideology hostile to every value in which we believe and which can be counted upon, if successful, to pose a threat to the stability of the American hemisphere.

And who today feels insecure? Some of the most strategically important nations of the Third World: the oil-producing states of the Arabian Peninsula, for example, when a Soviet-supplied South Yemen is made militarily stronger than Saudi Arabia; when Iranian fighters can cruise unopposed down the eastern coast of the Arabian Peninsula to underscore a threat to close the Persian Gulf to Western shipping; when Soviet client states flank the entry to the Red Sea; and when Soviet divisions march into Afghanistan, bringing their tactical fighters within range of the Strait of Hormuz.

The more moderate nations of north Africa feel insecure when an oil-rich Libya acquires an arsenal more than twice the size of that of all its neighbors combined, sends its troops into Chad, and threatens other neighbors in Niger and the Sudan while stirring up trouble around the globe.

Thailand and the other states bordering Indochina feel insecure as the Vietnamese send their troops into Kampuchea, set up a puppet government, and then engage in a policy of military harassment against Thailand.

And nations in our own hemisphere are begining to feel insecure as a coalition of Marxist states, spearheaded by Cuba, train and equip revolutionary groups operating in a half dozen countries, and seek to topple a moderate government in El Salvador while contributing to the buildup of a military established in Nicaragua unprecedented in Central American history.

A quick tour of the globe thus reveals a dramatic deterioration in areas of the developing world of special importance to the West. And it is no coincidence that here, over the past 4 years, Soviet transfers of some of the most sophisticated weapons have surpassed those of the West by impressive margins.

This is a fact of absolute importance for the Congress to understand if it is to place the Reagan arms transfer policy in proper perspective. Impressions that the United States will destabilize regions by pouring additional billions of dollars of high technology weapons into the developing world, in what one former Carter Administration spokesman describes, in a recent article in the *Wall Street Journal*, as a "burning desire to resume our role . . . as the world's leading arms merchant," are simply unfounded.

Gross dollar figures can be misleading, but no one quarrels with the fact that the Soviet Union's arms transfers exceeded those of the United States this past year by any calculation. What is of critical importance, however, is to know what is being sold, and why a billion dollars of Soviet military equipment cannot be equated with a billion dollars of American sales.

When concerns are raised about instability arising from increased U.S. arms transfers, they are focused on the developing world. Yet almost half of our military sales are to our NATO allies and Japan, Australia, and New Zealand. A large part of the balance is represented by support services and installations, such as the construction of port facilities, hospitals, and military academies and housing, as in our Saudi program.

What is key to understanding the impact of arms transfers on regional stability—as reflected by a given country's perception of its ability to defend itself against a hostile neighbor—is the quantity and quality of the weapons transferred. Here are some facts on which to judge the Reagan Administration's policy on arms transfers and our security assistance proposals, which also respond to that policy.

Over the past 4 years (from 1977 through 1980), Soviet sales to the Third World exceeded ours by a margin of some 20%; but what is really important, as I suggested, is what it is the Soviets provided their clients in comparison with what we provided our friends and allies. Look for a moment at the numbers of lethal ground and air weapons in six major categories that were delivered by the two superpowers to developing nations during this 4-year period: From 1977 through 1980, the Soviets delivered (in round figures) 6,000 tanks and self-propelled guns to the Third World versus 3,000 by the United States; 7,600 armored personnel carriers and reconnaissance vehicles versus 7,200; 10,500 artillery pieces versus 2,300; 1,800 supersonic combat aircraft versus 500; 300 subsonic combat aircraft versus 200; 13,600 surface-to-air missiles versus 5,600. In other words, in four out of the six major categories of lethal weapons, the Soviets out-delivered the United States by margins ranging 2-to-1 to almost 5-to-1, while edging out the United States in the remaining two.

New Approach

This is an indication of some of the realities with which we have to deal. Like it or not, there exist today significant challenges to U.S. and Western interests. But we cannot meet them alone. This, too, is a reality we must address; and it is here that a prudent policy of arms transfers can play a critical—in fact, an essential— role in shaping our foreign policy to achieve our most fundamental security goals.

I stress the word "prudent" because the Administration's new policy steers a middle course between unrestricted sales, and the use of arms transfers essentially as political capital to be deployed without reference to the military needs of the recipient, and the view that arms transfers are inherently negative in their impact and must, therefore, be restrained for the sake of restraint.

The latter approach was, at least rhetorically, the policy in effect when this Administration took office. It was based on the belief that arms transfers were essentially wrong and, therefore, to be engaged in only in exceptional circumstances. At least in principle, the Carter Administration sought unilateral restraint in the sale of arms and hoped, thereby, to inspire others to follow our example. In practice, neither the restraint nor the example proved particularly effective. The total dollar value of agreements under the foreign military sales (FMS) program did drop from FY 1976 to FY 1977, but it began rising steadily thereafter under the imperatives of the security needs of our friends and allies in NATO, the Middle East, and elsewhere. At the same time, there was not discernible slackening in the activities of the Soviet Union and other major arms suppliers.

The policy of this Administration, enunciated earlier this month, will deal with arms transfers as a resource to be used along with other resources for the achievement of national goals. We intend to employ them as an instrument that can and should be used flexibly and carefully to serve our interest. We believe that with effective U.S. Government control and direction, but without the arbitrary prohibitions and annual ceilings of the past, arms transfers can help to enhance the state of readiness of friends and allies; to demonstrate U.S. determination to respond to threats to our interests and thus help deter such threats; to revitalize our alliances and cooperative security relationships and develop new ones; and to make a modest contribution to the needed upgrading of our own defense manufacturing base.

For these reasons, the Administration believes that arms transfers, properly employed, complement and supplement our efforts to improve our own defense capabilities and are an indispensible component of our foreign policy. To use arms transfers for these purposes, we have fashioned a policy that is responsive to individual circumstances and that can be applied flexibly and promptly. We will judge each prospective transfer in the light of both U.S. interests and its own particular merits. In so doing we will consider a wide spectrum of factors, including:

- The military justification for transfer, including the nature of the threat, how the article would help respond to this threat, and whether it would enhance potential collective security efforts;
- The ability of the recipient to absorb the transfer in terms of its technical capacity, military support system, and financial resources;
- The effect of the transfer on regional stability, particularly where friends of the United States may be at odds with one another; and
- Whether the needs of U.S. forces would be adversely affected by the transfer, bearing in mind that, on occasion, scarce items may be needed by friends to meet emergencies.

These, of course, are not the only factors we will be taking into account as we make our case-by-case examination of specific arms purchase requests. Human rights considerations are an obvious case in point and not merely because we are required by law to take them into account. It is hard to imagine any Administration worthy of representing the American people that will not use its influence to the maximum to encourage other societies to meet our standards in this regard. It should be kept in mind, however, that our principal purpose in transferring arms to another country is not to help a particular regime but to buttress our own security and serve our own interests.

There are other significant factors to consider, such as those which take into account the varying capabilities of the nations with which we wish to establish security relationships. Some requests, for example will present compelling reasons in favor of coproduction or the transfer of defense technology. In these cases, we will give special attention to domestic economic and industrial aspects of the proposed transfer, to its relationship to our arms cooperation programs with NATO and other allies, and to the possible subsequent need for third-party transfers. The need to protect advanced and sensitive U.S. technology against possible compromise will also remain a central factor in our decisionmaking.

We must also discriminate between the widely varying threats faced by friends and allies who have widely varying military needs and absorptive capacities. Some may well require our front-line equipment, while others would be better off with less costly and sophisticated alternatives. Perhaps most important, even when some countries are capable of absorbing the most sophisticated systems, it may make better military sense for them to deploy larger numbers of less expensive and more easily maintained systems. Accordingly, we will continue to support the concept of export or "FX" aircraft because such aircraft are needed to satisfy the requirements of nations which desire and need a capability between, for example, the F-5E, and the more advanced, complex, and costly systems now in service with our air force; and we intend to encourage their consideration.

The countries with which we share strategic concerns differ in another respect as well, and that is in their ability to pay for the military equipment which is required to meet our own ultimate foreign policy and national employers and workers, would go a long way to consolidate moderate forces, frustrate the guerrillas' economic warfare, and help restore El Salvador's economy.

Second, there must be demonstrable progress in controlling and eliminating violence from all sources. Violence of the left and violence of the right are inextricably linked. Since the failure of the January offensive, the tragic cycle of violence and counterviolence has been most evident in Chalatenango and Morazan, the remote areas where guerrilla forces are concentrated, and where most of the violent incidents recently attributed to the far right and to government forces have taken place. Elsewhere, the violence has tended to fall as the level of nationwide insurgent activity has declined. The investigations into the murders of the four American Catholic women and the two AIFLD [American Institute of Free Labor Development] experts, though still unfortunately incomplete, have led to detentions.

But more needs to be done. Cuban and Nicaraguan supplies to the guerrillas must stop. There is no doubt that Cuba was largely behind the arms trafficking that fueled the guerrilla offensive this winter. In April, when Socialist International representative Wischnewski confronted Castro with our evidence of Cuban interference, Castro admitted to him that Cuba had shipped arms to the guerrillas—just as we had said.

After their arms trafficking was exposed, Cuba and Nicaragua reduced the flow in March and early April. Recently, however, an ominous upswing has occurred, not to the volume reached this winter but to levels that enable the guerrillas to sustain military operations despite their inability to generate fresh support.

The other side of the coin is that more Salvadoran Army leadership is needed, both to fight rightist death squads and to control security force violence. This is a primary objective of our training effort. There must be improvement. The basic reality, however, is that violence will likely be countered by violence until a rational and legitimate political process is devised to break this vicious circle.

This brings me to my third point, that all parties that renounce violence should be encouraged to participate in the design of new political institutions and the process of choosing representatives for them. The Government of El Salvador has announced that it will hold presidential elections in 1983. Prior to that, a constituent assembly to be elected in 1982 will develop a new constitution. Four months ago, in March, President Duarte appointed an electoral commission to develop the necessary procedures. Last week, the government officially approved measures recognizing the legal status of registered parties and setting the procedures whereby these parties, and any new parties that come legally into existence, can participate in the election.

The parties already legally registered include two groups associated with the insurgent political front: the National Revolutionary Movement led by Guillermo Ungo and the Democratic National Union, the electoral vehicle of the traditional Communist Party. These parties, and any others that may wish to do so legally, now have before them the opportunity to test their strength against reformist and conservative parties according to the ultimate test of democracy: ballots, not bullets.

Before developing this critical point further, let me note that the value and importance of elections as a means for resolving and overcoming differences should not be underestimated in Central America today. Costa Rica has been able to resolve its political differences peacefully largely because elections have been held uninterruptedly since 1948—and are scheduled again next February.

Honduras elected a constituent assembly in April 1980 and will elect a president and a legislative assembly this coming November. The courage of Honduran leaders in standing by their election commitments despite regional turmoil and economic difficulties deserves recognition as an important contribution to the advancement of peaceful political processes in their country and in the region as a whole.

Guatemala this month began a campaign that is to lead to constitutionally mandated presidential elections next March. All of Guatemala's friends hope the campaign will evolve in a climate free of violence and contribute to the resolution of Guatemala's serious problems.

In all of Central America, only Nicaragua has no elections scheduled in the months ahead. The government has reneged on its promises to the people who overthrew Somoza 2 years ago and has said only that elections may be possible sometime in the future—maybe in 1985. What an extraordinary contrast between this clear lack of self-confidence on the part of the new revolutionary rulers of Nicaragua and the invitation from the embattled Salvadoran revolutionary junta to the political parties of El Salvador to organize for free elections.

As basic expressions of self-determination and national sovereignty, elections involve many delicate questions. They include technical matters (such as steps to insure an accurate tally), confidence-building measures (such as providing witness of fairness and absence of coercion or intimidation from any source), and a host of fundamental matters (such as the design of institutions, security for participants, and assurances that the results will be respected.)

But one asks: Can a campaign be held in El Salvador? There are some recent indications it can. Two months ago the leading peasant union, the UCS [Salvadoran Campesino Union] held a rally of 10,000 people without incident. A month ago, the Christian Democratic Party held a national congress, with 2,500 delegates—many of them women—in attendance. The electoral commission has made clear it welcomes observers "not only for the day of elections but also in anticipation of them, observing the entire process."

Nonetheless, before elections could take place, all parties would want to know how campaign security will be assured, and whether extremists might ultimately permit an actual election campaign without violence. If elections are held, would the results be respected? The government's intentions are clear. El Salvador's new military leaders have made the reform process possible. An army confident that its integrity will be respected, and that elections will be fair, can also be effective in curbing violence from the right as well as from the left. But it is only realistic to recognize that extremists on both left and right still oppose elections, and that an army suspicious that its institutional integrity might not be respected could itself become a destabilizing element. In this regard, we should recognize that El Salvador's leaders will not—and should not—grant the insurgents, through negotiations, the share of power the rebels have not been able to win on the battlefield. But they should be—and are—willing to compete with the insurgents at the polls.

To develop a serious, reliable electoral process in El Salvador, all nonviolent political groups, whatever their relationship to the current government, will have to make their views known to each other and to the electoral commission. This will doubtless require careful discussion and quite possibly negotiation among the parties.

Elections are quintessentially matters of internal policy. But there may be ways other nations can assist. If requested by the Government of El Salvador—and desired by those involved—other countries might be invited to facilitate such contacts and discussions or negotiations on electoral issues among eligible political parties. The United States is prepared, if asked, to join others in providing good offices to assist the Salvadorans in this task, which could prove critical to the search for a political solution to the conflict.

We have no preconceived formulas. We know that elections have failed in the past. We have no illusions that the task now will be anything but difficult. But we believe that elections open to all who are willing to renounce violence and abide by the procedures of democracy can help end El Salvador's long agony.

I have one more thing to say. **That is that the search for a political solution will not succeed unless the United States sustains its assistance to El Salvador.**

This spring, after their offensive revealed their lack of popular support, the Democratic Revolutionary Front thought—we know from their own documents—that negotiations should be used as a delaying tactic while the insurgents attempted to regroup militarily. Should members of the guerrilla command believe that they can make gains by military means, no participation in elections, no meaningful negotiations, no political solutions are likely to be forthcoming. The point is not that sustained U.S. assistance might lead to a government military victory. It is that a political solution can only be achieved if the guerrillas realize they cannot win by force of arms.

To insure a climate in which a political solution can take place, the limited military programs we now have should be sustained. Our economic assistance, already more than three times our military aid, must continue to offset the guerillas' efforts to prolong the war by sabotaging the economy.

U.S. Role

The war is a terrible ordeal for the Salvadoran people. Many thousands of persons have lost their lives. The conflict is deeply rooted in domestic Salvadoran political and socioeconomic problems. But by providing arms, training, and direction to this local insurgency and by giving it global propaganda backing, Cuba and other radicals have intensified and widened the conflict and greatly increased the suffering of the Salvadoran people.

Our concern for El Salvador is not unique. The United States has met challenges like this before. Since World War II, under Democratic and Republican Presidents alike, the United States has used all appropriate instruments—political, economic, and military—to help friends and allies secure their vital interests as well as our own.

Our help for El Salvador is really very small, but it is vital. With it, El Salvador is making progress. The government, the church, the trade unions, agrarian organizations, professional bodies, and organizations of businessmen are now all increasingly engaged in seeking a peaceful outcome to the conflict. Last March, the guerrillas' use of violence led the Apostolic Administrator to comment that "most of the public has turned its back on them." Elections now offer to those among them who want to end the violence a chance to work for peace.

The culmination of the search for peace is necessarily the responsibility of Salvadorans. But Salvadorans look to us for understanding and assistance. We can help by:

- Extending economic and military assistance to counter the disaster visited upon El Salvador by enemies of democracy;
- Standing by our friends while they work out a democratic solution; and
- Identifying and seizing opportunities to help such a solution actually take shape. ■

Belize

DEPARTMENT STATEMENT, JULY 14, 1981[1]

The United Kingdom, Belize, and the Republic of Guatemala have been working for the past year to achieve a formula which would allow Belize to attain independence and establish friendly relations between the two neighbors. Guatemala has long claimed the territory of Belize. Last March [1981], the three parties reached an agreement in principle. It was hoped that a treaty of settlement would be negotiated between the parties by which the longstanding dispute between the United Kingdom and Guatemala would be resolved. Last week the three parties met in New York and yesterday issued a communique on that meeting.

The United States has been gratified by the tone of mutual respect and cooperation displayed in the talks. We are disappointed that it has not, so far, been possible to reach a full agreement on all the issues.

We continue to hope that a comprehensive peaceful settlement of all outstanding issues will be reached by the parties in their further contacts. We are pleased by the reaffirmation by all parties of their desire to promote and preserve peace in the region.

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[1] Made available to news correspondents by Department spokesman Dean Fischer. ■

Department of State
# bulletin

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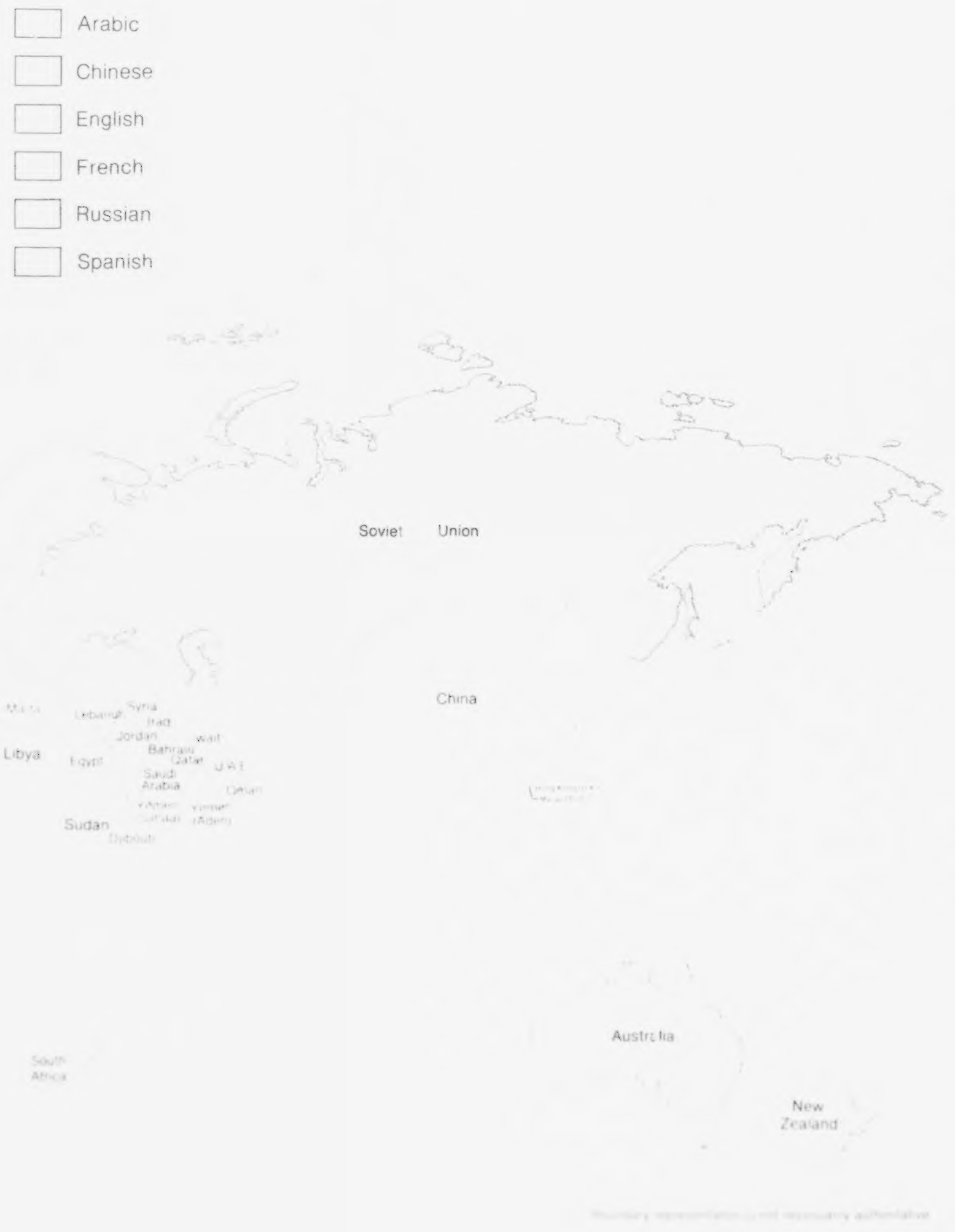
United Nations Members

Growth of U.N. Membership

	Americas	Europe	Asia/Oceania	Africa
1945 Original Members	Argentina Bolivia Brazil Canada Chile Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador Guatemala Haiti Honduras Mexico Nicaragua Panama Paraguay Peru United States Uruguay Venezuela	Belgium Byelorussia Czechoslovakia Denmark France Greece Luxembourg Netherlands Norway Poland Turkey Ukraine U.S.S.R. United Kingdom Yugoslavia	Australia China India Iran Iraq Lebanon New Zealand Philippines Saudi Arabia Syria	Egypt Ethiopia Liberia South Africa
1945 to 1965	Jamaica Trinidad and Tobago	Albania Austria Bulgaria Finland Hungary Iceland Ireland Italy Malta Portugal Romania Spain Sweden	Afghanistan Burma Cyprus Indonesia Israel Japan Jordan Kampuchea Kuwait Laos Malaysia Maldives Mongolia Nepal Pakistan Singapore Sri Lanka Thailand Yemen (Sanaa)	Algeria Benin Burundi Cameroon Central African Republic Chad Congo Gabon Gambia Ghana Guinea Ivory Coast Kenya Libya Madagascar Malawi Mali Mauritania Morocco Niger Nigeria Rwanda Senegal Sierra Leone Somalia Sudan Tanzania Togo Tunisia Uganda Upper Volta Zaire Zambia
1965 to 1981	Bahamas Barbados Dominica Grenada Guyana St. Lucia St. Vincent and the Grenadines Suriname Note: Belize became the 156th member of the United Nations on September 25, 1981.	German Democratic Republic Germany, Federal Republic of	Bahrain Bangladesh Bhutan Fiji Oman Papua New Guinea Qatar Solomon Islands United Arab Emirates Vanuatu Vietnam Western Samoa Yemen (Aden)	Angola Botswana Cape Verde Comoros Djibouti Equatorial Guinea Guinea-Bissau Lesotho Mauritius Mozambique Sao Tome and Principe Seychelles Swaziland Zimbabwe

Home Countries of the Six Official U.N. Languages

The U.N. Charter conference in 1945 designated Chinese, English, French, Russian, and Spanish as the organization's official languages. These were the tongues that could be used without prior notice for addresses in the General Assembly, Security Council, and U.N. Educational, Scientific and Cultural Organization. In 1973 Arabic was added for use in the General Assembly and its main committees. At the charter conferences, the United Nations also established a category of working languages to be used for general business and, at first, for the verbatim reports of the proceedings. The first languages so designated were English and French, both in wide use outside their native range. Altogether the 6 official languages are in common use in over 100 countries and are native to more than 40% of the world's population.


☐ Arabic
☐ Chinese
☐ English
☐ French
☐ Russian
☐ Spanish
US
Canada
United States
Mexico
Cuba
Jamaica
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
The Bahamas
Haiti
Dominican Republic
Dominica
St. Vincent and the Grenadines
Trinidad and Tobago
Venezuela
Colombia
Ecuador
Peru
Bolivia
Paraguay
Chile
Argentina
Uruguay
Ireland
United Kingdom
Be.
Lux.
Switz.
France
Spain
Morocco
Tunisia
Malta
Western Sahara
Algeria
Mauritania
Libya
Lebanon
Syria
Iraq
Jordan
Kuwait
Bahrain
Qatar
U.A.E.
Egypt
Saudi Arabia
Oman
Yemen (Sanaa)
Yemen (Aden)
Sudan
Djibouti
South Africa
Soviet Union
China
Australia
New Zealand
Boundary representation is not necessarily authoritative

We have been delighted to have President Sadat and his family here with us, and we look forward to meeting again.

President Sadat

I quite agree—full agreement with what President Reagan has said. If I am to add anything it is expressing my deep gratitude to President Reagan for this kind invitation to meet with him and to survey all the problems that we are facing together and then to meet again with the American people with whom I cherish the full pride to be friends, to be understanding. I am happy to tell the American people as always I have told them, I am very happy because after this visit I can say that I enjoy the friendship of President Reagan as a great leader of a great nation.

Again, I shall end like I have always ended. I shall never let you down.

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[1] Made on the South Lawn of the White House (text from White House press release).

[2] Made at the dinner in the State Dining Room (text from White House press release).

[3] Made on the North Portico (text from White House press release).■

Secretary Haig's News Conference on President Sadat's Visit

Secretary Haig held a news conference on August 6, 1981, to brief news correspondents on President Reagan's meetings with Egyptian President Sadat.[1]

I'm very pleased to welcome the press contingent traveling with President Sadat. We're pleased to have you here, and after I make a very few opening remarks, I want to be sure to give our first questions to our visiting press personnel from Egypt. So if you have one or two questions, ask them, and then we'll open it up to the group at large. I understand we also have some White House press corps here, and that's an unusually flattering thing for us here at State.

At the outset I want to emphasize that I think there's a strong consensus on both sides that President Sadat's visit here over the last 2 days has been an outstanding success from almost any point of view you care to list.

As you probably know, we really sought four objectives from the President's visit to Washington.

The **first,** and perhaps the most important, given the character of the two leaders, was the establishment of a personal relationship—a rapport, if you will—between two world leaders who bear great responsibility. I'll say more about that in a moment.

The **second** objective was the exchange of views on strategic matters, global and with specific focus on the Middle East region.

The **third** objective was to exchange views and, in the words of the President, to listen carefully—for President Reagan to listen carefully—to the observations of President Sadat on the peace process in the Middle East, based on President Sadat's enormous contributions to this process and his vast experience with it.

The **fourth** objective, of course, was to deal with a number of ongoing bilateral matters between the Government of Egypt and the Government of the United States.

Turning first to the strategic discussions, which in many respects were the greatest contributors to the personal rapport objective as well as the very constructive exchange of views on a number of important matters.

In the restricted session the first day, President Reagan anticipated President Sadat's sense of concern and interest and sense of urgency for regional threats emanating from the Soviet Union and its surrogates, ranging as far as Afghanistan in the east through the entire Middle East area to the west coast of Africa. Anticipating that, he provided several maps in the Oval Office which President Sadat very effectively employed to launch what was about a 30-minute *tour d'horizon,* encompassing the entire area I've described—without notes—and one of the most effective overviews, and sensitive overviews, that I've heard in some time.

During this period President Reagan asked a number of questions and joined in and elaborated on a number of observations. The conclusion of this overview was clearly almost total unanimity of views on the importance and the criticality of developments in that area and the need for the Government of Egypt and the Government of the United States to continue and intensify collaboration in the future, to take the necessary steps to vigorously resist Soviet direct or inspired aggression in an area of traumatic and dynamic change, and to work together in concert to establish the conditions conducive to peace and stability in the area.

With respect to the peace process, I think the President looked forward tremendously on this visit to drinking in, if you will, the experiences of President Sadat, who in many respects launched the hopeful progress we've realized to date and our anticipated progress in the future by his courageous visit to Jerusalem some years ago. During the exchange on the peace process, President Reagan made very clear his continuing and firm commitment to pursue the Camp David peace process as agreed to by the Governments of Egypt, Israel, and the United States.

The two Presidents discussed steps to further this process in the period ahead and to provide a new impetus to the process itself. Both agreed that they would continue these discussions with Prime Minister Begin of Israel in the period ahead.

The President also reiterated the U.S. commitment to continuing its role as a full partner in the search for peace in the Middle East. President Sadat expressed his strong view—which has been made public both in London prior to arrival here and during his visit here—of what he viewed as the importance of dealing with the Palestinians and urged the United States to establish contact with the PLO (Palestine Liberation Organization).

President Reagan explained the American stand on this issue and reiterated the American commitment to Israel not to recognize or negotiate with the PLO until the PLO itself recognizes Israel's right to exist and accepts U.N. Resolutions 242 and 338.

In his response, President Reagan emphasized his own personal conviction that American fidelity to all of its commitments—whether they be to Israel, to Egypt, or to the other important friendly nations in the region—are a fundamental aspect in our own hopes to achieve peace and stability in the area. I wanted to make this comment at the outset.

I think both leaders understood precisely the position of one another on this and accepted the position of each other on this issue.

Our third objective in these discussions was to expand on and to improve the U.S.-Egyptian bilateral relationships and to consider ways to promote the economic development of Egypt and to assist in its military modernization efforts. During the discussions involving Egypt's future, President Sadat described very poignantly to President Reagan the difficulty he had during the initial days of his incumbency as a leader of modern Egypt in just accumulating a million dollars to prevent the bankruptcy of Egypt.

I think this underlies and underpins that today Egypt is clearly on an improving economic growth path. It is becoming an increasingly important member of the international community and a leader in the region. President Sadat expressed great gratitude to the American Government and people on a bipartisan basis for the assistance that they have given to the growth and development—which is increasingly promising—in Egypt. I think this underlies his success story and the importance of American foreign assistance and security assistance to our friends around the world.

In the case of Egypt, of course, the growth path is still in its early stages, and the continuing need for a high level of American support was very evident. President Reagan emphasized categorically his intention to maintain a high level of support to Egypt.

Finally, I want to say a word about the rapport between the two men because I think it was the most important aspect of the visit itself. As you know, President Reagan is a new player on the international scene. President Sadat is an experienced veteran who has seen a great deal and whose own international stature is perhaps unparalleled on the contemporary scene. He is viewed as a man of vision, a man of peace, and a man of courage. I know that President Reagan had looked forward with great anticipation to an exchange of views with him.

I think from President Sadat's point of view—and it's presumptuous of me to speak for him—but he found an equally impressive, though a somewhat less experienced, counterpart: a man who sees the world from the same point of view as he; a man who believes that American commitments, American reliability, American consistency of policy are the essential aspects of a successful American foreign policy and will be the ingredient in the Middle East which will be the fundamental catalyst to a peace process in which all the parties can view the United States as a responsible partner that will meet its commitments and remain engaged in this process and will enable the leaders, wherever they may be located, to accept risks for peace with the confidence that the United States will carry out its obligations for this process.

I welcome your questions, and I will turn first to our distinguished friends from Egypt.

Q. When you were discussing the question of the PLO, how can you proceed in enlarging this peace process when you have the Palestinians out, or the PLO, when you have the Saudis and the Jordanians out? How can you bring these people of these countries to this peace process?

A. I think that's a very important question, and the real question here is how best to achieve the progress we seek. I think in that context American commitments and reliability to all of the parties and with all of the parties, as I said a moment or so ago, will be the essential catalyst for creating conditions under which the parties involved can accept risks for peace. That's step one.

Step two is: I think it's important—and we've talked about a strategic consensus—that the U.S. policies in the near term create a sense of confidence to do what can be done to disperse fear so that, for example, radical minorities cannot pursue policies which will upset the progress underway.

Third, and the most important thing of all in response to your question, is the recognition that we have got to pursue our own policies in such a way that long-term objectives do not derail achievable, realistic, near-term progress. That's probably the essence of the question that you asked.

In that context, Egypt, Israel, and the United States committed themselves to a process under the Camp David framework. And there has been progress. First, as you know, this past week we signed the agreement for the Sinai peacekeeping and observation force which will seek to put in place the conditions to permit the withdrawal from the entire Sinai of Israeli forces by spring of next year.

We discussed during this visit the need to get on with the autonomy talks which, while not satisfying the long-term objectives that you've outlined in your question, would represent the further progress on the West Bank and in Gaza for the Palestinian populations there and to create conditions under which future progress can be achieved in a realistic way.

I think it's very important that we keep realism on our agenda day to day as we approach this historically anguishing problem. It doesn't answer your question as to how we are going to ultimately get there; but you know we have other activities under way today, too, that have been brought about by the crisis in Lebanon—the work that is under way under the auspices of the Arab League and the four Arab states which have been involved actively in contributing, along with Israel, along with the internal parties, in Lebanon, and with the help of the United Nations, to a reduction in hostilities.

Those efforts with respect to Lebanon, within the framework established, are going to continue, and I see these two processes, while not linked, nonetheless in a *de facto* sense mutually reinforcing.

Q. The other day when you had the meeting with some Arab ambassadors here, their impression was that you had told them that we are now at the turning point as far as the Middle East situation is concerned. And then you told them that you are seriously now looking into the question of Palestine. And on Lebanon you gave them some, but I want to ask you the question that you made—or the communique that you issued in Ottawa—and then you said in your communique, the political communique, that the disputes between the Arab and the Israelis must be solved [sic].

Secondly, you made, I think, [inaudible] that you support the reconciliation efforts within Lebanon among the Lebanese. When you said that, I would like you to elaborate what you meant by that particular thing. Does that mean that the seven are going to help Lebanon to be created back into a sovereign state with a central government and all these differences among them are to be reconciled? Are you going to achieve this?

A. I want to be careful not to endorse everything you said I said. I'm not sure that I did say all those things. Sometimes in the retelling distortions creep in, and understandably in human terms they do. But with respect to the Lebanon problem, we are looking at a number of steps and we've already begun to work actively in the wake of Ambassador Habib's return to the United States—the ultimate objective of which will, of course, be to strengthen the central government of Lebanon to seek a reconciliation of the parties there and to create conditions for a peaceful, stable Lebanon in the future.

security objectives as well as theirs. This is why, given current inflationary price increases and skyrocketing interest rates, we have asked authority to offer selected countries significantly better-than-market interest rates to help them finance the purchase of the arms they need. This offer of concessional rates does not represent an act of altruism on our part but, quite the contrary, a most deliberate calculation of our own self-interest.

As I stressed earlier, we in the United States are no longer capable of the unilateral defense of every area that is vital to our national welfare. We need to work with other nations which are either long-term allies or share common strategic concerns. If we ourselves are not prepared or able to project adequate military strength into a particular region that is important to us, then we must do what we can to help cooperative nations within that region achieve the capability of meeting their own defensive needs—and, in the process, to serve our own.

It is an unfortunate fact that in many areas of greatest importance to us, such as the Middle East, portions of Africa, and Southeast Asia, the nations on which we must rely do not have the economic capacity to buy the weapons they need to meet existing threats at prices they can pay without inviting economic collapse. The interest subsidies we propose to provide such nations as Turkey, Egypt, Sudan, Kenya, and Thailand represent as economical an expenditure of U.S. dollars to advance American security interests as any proposed for direct defense expenditures.

In short, the basic goals which have shaped and justified our arms transfer policy require, in appropriate cases, that we be prepared to finance those transfers on terms that will enable them to take place. Otherwise we, just as much as the recipient, stand to lose the benefits that justify the proposed sales in the first place.

All of which emphasizes the basic thrust of the Administration's policy; it is to recognize that arms transfers, properly considered and employed, represent an indispensable instrument of American policy that both complements and supplements the role of our own military forces.

There are cynics, I know, who claim that economic considerations are the main driving force behind the Administration's new policy and that, in practice, there will be few if any controls over American transfers and that industry will have *carte blanche* to sell anything, anywhere. These allegations are patently false. I assure you that the executive branch will continue to be involved at all levels of the transfer process in order to exercise the evaluation, judgment, and control required by law, policy, and principal alike. In this regard, I have established a senior interagency mechanism to be called the arms transfer management group. It will assist me in making recommendations to the Secretary of State on arms transfer and security assistance issues. Membership will consist of senior-level representatives of all government agencies involved and interested in the transfer process. This will guarantee a full hearing of relevant views on all significant issues.

There may be some concern that the new policy will lead to a large rise in the volume of new military sales, with billions of dollars of the most sophisticated equipment crisscrossing the skies on their way to hitherto remote and bucolic corners of the world. Again, nothing could be further from the truth.

The objective of our policy is not increased sales *per se;* nor is it likely that it will result in significant increases in the total dollar value of transfers that will be authorized under its terms. The enormous cost of modern weapons and the state of the world economy provide their own restraints on the capacity and appetite of would-be purchasers. In fact, we would anticipate that 1982 sales would remain approximately where they are today, namely at the $15 billion level. We do not, however, propose some artificial ceiling in advance.

What we do expect to see, as our policy is applied, is a qualitative shift in the kinds of countries with which we will be concluding sales. They will include a larger number of developing countries which desperately need more effective means of defending themselves against very real potential threats, countries with which we will want to develop cooperative relationships so that, in times of crisis, we may be able more effectively to project our own power and thus help deter aggression. In short, we need the greater flexibility required to merge foreign and defense policy goals through enhanced assistance to friends and allies in areas of the world where the United States has the most self-evident interest in the enhancement and maintenance of regional security.

Finally, a recognition of the role that arms transfers can play in the existing world environment to help achieve our international objectives does not represent a retreat from a desire for greater restraint in the global dissemination of sophisticated weapons. We remain convinced that such restraint is a goal worth pursuing provided it is not unilateral and does not sacrifice fundamental American interests. We remain prepared to examine ways to pursue a regime of multilateral restraint and to consider seriously the proposals of others. We are not prepared, however, to sacrifice American interests and the interests of our friends abroad by seeking to go it alone.

One final point: Throughout my statement I have stressed the link between our foreign arms transfer policy and our own national security. I have done so because I have noticed, over the past several months, that a significant part of the opposition I have found to the Administration's security assistance proposals is based on a fundamental misunderstanding of their nature and purpose. Although I know our foreign assistance requests are not themselves the subject of this hearing, they, nevertheless, reflect the translation of the policies I have been describing into actual practice. Therefore, I feel it appropriate to touch upon this matter because it goes to the heart of what the Reagan Administration is seeking to achieve through the prudent use of arms transfers as an instrument of foreign policy.

Contrary to the impression so many have of security assistance as something akin to an international military food stamp program, it is, in fact, a necessary extension of our national defense effort. The marginal U.S. dollar loaned under FMS to the Turkish Army or the Thai or Pakistani Air Force is a dollar that we would otherwise have to spend outright on our own forces to do a job that the Turks and Thais and Pakistanis can do better and at less cost. Not only are security assistance dollars spent in the United States for U.S. equipment, not only are they ultimately paid back even if the interest charged may sometimes be at less than market rates, but we get the security benefit of the force improvements those dollars buy for friendly foreign governments.

I, therefore, urge you, as you consider the merits of our new policy, to focus on the facts that we have a powerful self-interest in contributing to the self-defense of allies and friends and that our own defense is inextricably tied

International Terrorism

by Richard T. Kennedy

Statement before the Senate Foreign Relations Committee on June 10, 1981. Mr. Kennedy is Under Secretary for Management.[1]

I appreciate this opportunity to appear before you to discuss international terrorism and the protection of diplomats abroad and this Administration's efforts to deal with these problems. The Administration welcomes the broad interest and support which has been demonstrated by your committee and the new Subcommittee on Security and Terrorism of the Judiciary Committee. Both have shown an understanding of the worldwide menace of terrorism and the need for a clear and coherent government response. We intend to work closely with your committee to develop an effective program.

1980 was a record year for international terrorism. There were 760 international terrorist acts, which resulted in more casualties than in any year since the U.S. Government began keeping statistics on terrorism in 1968. Last year, 642 people were killed in international terrorist attacks; 1,078 were wounded. Ten Americans were among the dead; 94 Americans were injured. The statistics in 1980 reflect the trend over the past few years toward increasing death and injury from terrorist violence. Of the 760 acts, 278, or 38%, were directed against Americans or American property. So far in 1981, there has been a continuation of last year's high frequency of terrorist attacks. Preliminary statistics show that there were 312 acts of international terrorism worldwide during the first 5 months of 1981; 37% of those were directed against Americans or American property.

The statistics however do not adequately tell the story. They do not convey the fear and instability generated by terrorist attacks, nor do they document the enormous psychic and financial costs to free societies. Let me recall for you some of the terrorist acts involving American citizens so far this year:

- In January, terrorist captivity ended for our hostages in Iran;
- In March, terrorist hijackings in Pakistan, Honduras, and Indonesia (one of these the longest in aviation history), our embassies in El Salvador and Beruit attacked, Marine guards injured in a bombing in Costa Rica, an American missionary murdered in Colombia;
- In April, another violent attack on our embassy in El Salvador;
- In May, the hijacking of a Turkish aircraft to Bulgaria and a rocket attack on our embassy in Beruit.

These incidents occurred in a 5-month period which saw literally scores of additional attacks around the globe. There were murders, bombings, kidnappings, and attacks on diplomats and businessmen alike. Hundreds of people in addition to our own citizens have this year been taken hostage; thousands more, families and friends, have suffered during these incidents.

International terrorism is an assault on civilization itself. In addition to the lives and freedom of the innocent, the rights of the individual, democratic institutions, and the rule of law are under attack. In a real sense, terrorism strikes at our vital national interests and those of our closest friends and allies. The priority which this Administration is giving to the fight against terrorism reflects that fact.

We cannot solve this problem without a deeper understanding of the sources and dynamics of international terrorism. At a conference in May in the Department, we brought together a group of leading academic and government experts to discuss all aspects of the terrorist phenomenon, particularly the linkages among terrorists groups, the problem of patron-state support, and government responses to terrorist violence. The conference helped us to sharpen our analytical tools to better understand the phenomenon and to move toward more effective ways of combatting it. A report on the conference will be published in the near future.

But academic analysis is only a first step toward a realistic government response. All governments must firmly resist terrorist blackmail and vigorously pursue the terrorists with the full force of law. Governments such as the Soviet Union, Cuba, and Libya—which directly or indirectly sponsor, train, finance, and arm the terrorists—must be clearly told that their behavior is unacceptable in a world seeking peace and prosperity. The international community must act together to express its unequivocal disapproval of such conduct.

This Administration is taking firm and purposeful action to counter terrorism. We have publicly put terrorists on notice that they can expect no concessions from us. We will not pay ransom or release prisoners. We will not bargain for the release of hostages. We hope other governments will demonstrate similar firmness, and we are actively encouraging them in this direction. Governments which engage in or actively support acts of terrorism against us can expect a rapid and certain response. We will use all appropriate resources at our disposal, be they diplomatic, political, economic, or military, to respond to such acts of international intimidation and extortion.

This Administration has taken a number of concrete steps to enhance our ability to prevent terrorist incidents and to manage those incidents which occur. Early in the new Administration, Secretary Haig instituted an interdepartmental group on terrorism and instructed it to carry out an intensive review of our counterterrorist policies and programs. This review has focused upon embassy security, contingency planning and incident management, training, and international initiatives.

Embassy Security

Because attacks on our embassies take place with alarming frequency, we have continued the Department's security enhancement program to address the threat of mob violence and large-scale attack against our Foreign Service missions and stepped up our security program to deal with other threats. Using the funds provided by Congress, we are focusing expert attention on the protection of the staff at our overseas facilities. We are constructing safehavens in our embassies and consulates, improving building-access controls, installing nonlethal denial systems, and concentrating on other life-safety measures. We are also implementing programs for the protection of national security infor-

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to those who occupy strategic geographic areas or control strategic resources and have the will but not the resources to protect themselves.

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[1] Text from Weekly Compilation of Presidential Documents of July 13, 1981.

[2] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Current Actions

MULTILATERAL

Antarctica
Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Washington Oct. 5, 1979.[1]
Notification of approval: U.S., June 29, 1981; Chile, June 24, 1981; Poland, June 15, 1981.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Adopted at Wellington Nov. 10, 1972. Entered into force May 29, 1975 for recommendations VII-1 through VII-3, VII-6 through VII-8. TIAS 8500.
Notification of approval: Chile, June 24, 1981 for recommendations VII-4 and VII-9.

Atomic Energy
Agreement amending the agreement of Sept. 22, 1980 (TIAS 9863) concerning the transfer of a research reactor and enriched uranium to Malaysia. Signed at Vienna June 12 and July 22, 1981. Entered into force July 22, 1981.
Signatures: IAEA, Malaysia, June 12, 1981; U.S., July 22, 1981.

Protocol prolonging the agreement of Sept. 30, 1968 (TIAS 6692), between the International Atomic Energy Agency, Turkey, and the U.S. for the application of safeguards. Signed at Vienna June 30, 1981. Entered into force June 30, 1981.
Signatures: IAEA, Turkey, U.S., June 30, 1981.

Coffee
International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force provisionally, Oct. 1, 1976; definitively, Aug. 1, 1977. TIAS 8683.
Accessions deposited: Sri Lanka, June 24, 1981; Thailand, July 7, 1981.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Ratifications deposited: Norway, July 15, 1981; Sweden, July 6, 1981.
Signatures: Austria, July 8, 1981; Cameroon, June 30, 1981.

Conservation
Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Accessions deposited: Cameroon, June 5, 1981; Zimbabwe, May 19, 1981.[2]

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1981.[1]
Ratification deposited: Chile, July 22, 1981.

Copyright
Universal copyright convention, as revised. Done at Paris July 24, 1971. Entered into force July 10, 1974. TIAS 7868.
Accession deposited: Portugal, Apr. 30, 1981.

Cultural Property
Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Adopted at Paris Nov. 14, 1970, at the 16th session of the UNESCO general conference. Entered into force Apr. 24, 1972.[3]
Acceptance deposited: Sri Lanka, Apr. 7, 1981.
Ratification deposited: Turkey, Apr. 21, 1981.

Customs
Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Swaziland, May 15, 1981.

Energy
Agreement on an international program. Done at Paris Nov. 18, 1974. Entered into force provisionally Nov. 18, 1974, definitively, Jan. 19, 1976. TIAS 8278.
Notification of consent to be bound deposited: Turkey, Apr. 24, 1981.

Implementing agreement for the establishment of a project on control of nitrogen oxides emissions during coal combustion, with annexes. Done at Paris Mar. 21, 1980. Entered into force Mar. 21, 1980.
Signatures: Canada, Denmark, Sweden, U.S., Mar. 21, 1980.

Implementing agreement for a program of research, development and demonstration on coal/oil mixtures. Done at Paris Mar. 23, 1981. Entered into force Mar. 23, 1981.
Signatures: Canada, Japan, Netherlands, Spain, Sweden, U.S., Mar. 23, 1981.

Environmental Modification
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S., Jan. 17, 1980. TIAS 9614.
Succession deposited: Solomon Islands, June 18, 1981.

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptance deposited: Netherlands, June 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Netherlands, June 29, 1981.

Narcotic Drugs
Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accessions deposited: Colombia, May 12, 1981; Nigeria, June 23, 1981.

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.
Accessions deposited: Nigeria, June 24, 1981; Sri Lanka, June 29, 1981.

Nuclear Material—Physical Protection
Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[1]
Signatures: Brazil, May 15, 1981[4]; South Africa, May 18, 1981.[2]

Patents—Plant Varieties
International convention for the protection of new varieties of plants Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: Switzerland, June 17, 1981.

Postal
General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981; except for Article 124 of the general regulations which became effective Jan. 1, 1981.
Approvals deposited: Canada, June 1, 1981; Korea, May 22, 1981; Mauritius, Jan. 26, 1981; Niger, Apr. 10, 1981.
Ratifications deposited: Liechtenstein, Apr. 29, 1981; Qatar, May 14, 1981; Tunisia, Apr. 3, 1981.

Money orders and postal travelers' checks agreement, with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981.
Approvals deposited: Korea, May 22, 1981; Niger, Apr. 10, 1981.
Ratifications deposited: Liechtenstein, Apr. 29, 1981; Qatar, May 14, 1981; Tunisia, Apr. 3, 1981.

Postal—Americas and Spain
Additional protocol to the constitution of the Postal Union of the Americas and Spain general regulations, regulations governing the International Office and the Transfer Office, and convention with final protocol and detailed regulations; parcel post agreement, final Protocol and detailed regulations; money order agreement and final protocol. Done at Lima Mar. 18, 1976.
Accession deposited: Ecuador, May [illegible], 1981.[2]

Refugees
Convention relating to the status of refugees, with schedule and annex. Signed at Geneva July 28, 1951. Entered into force Apr. 22, 1954.[3]
Accession deposited: Angola, June 23, 1981.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force Oct. 23, 1980, provisionally.
Accession deposited: Nigeria, June 26, 1981.
Ratification deposited: Peru, June 30, 1981.

Seabed Disarmament

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor and in the subsoil thereof. Done at Washington, London and Moscow Feb. 11, 1971. Entered into force May 18, 1972. TIAS 7337.
Ratification deposited: Central African Republic, July 9, 1981.

Seals

1980 protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on conservation of North Pacific fur seals (TIAS 3948, 5558, 6774, 8368). Done at Washington Oct. 14, 1980.
Instrument of ratification signed by the President: July 2, 1981.
Ratifications deposited: Canada and the U.S., July 2, 1981.
Entered into force: July 2, 1981.
Proclaimed by the President: July 27, 1981.

Space

Agreement governing the activities of states on the Moon and other celestial bodies. Adopted at New York Dec. 5, 1979.[1]
Signature: Peru, June 23, 1981.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[1]
Accession deposited: Iceland, July 6, 1981.

Tin

Agreement extending the fifth international tin agreement (TIAS 8607). Adopted by the International Tin Council in London on Jan. 14, 1981, at its 21st session. Entered into force July 1, 1981.

Trade

Geneva (1979) protocol to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1979. Entered into force Jan. 1, 1980. TIAS 9629.
Acceptance: Poland, June 3, 1981.
Approval deposited: Yugoslavia, June 2, 1981.
Ratifications deposited: Belgium, May 7, 1981; Spain, June 19, 1981.

Agreement on trade in civil aircraft. Done at Geneva April 12, 1979. Entered into force Jan. 1, 1980. TIAS 9620.
Acceptance: Greece, Feb. 2, 1981.[5]
Approval deposited: Netherlands, Apr. 14, 1981.
Ratification deposited: Belgium, May 7, 1981.

Agreement on import licensing procedures. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9788.
Acceptances: Czechoslovakia, Dec. 9, 1980; Pakistan, May 21, 1981; Philippines, Mar. 30, 1981.[2]
Ratification deposited: Chile, Mar. 12, 1981.

Agreement on technical barriers to trade. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9616.
Acceptances: Greece, Feb. 2, 1981[5]; Pakistan, May 21, 1981; Philippines, Feb. 13, 1981; Tunisia, Feb. 17, 1981.
Approvals deposited: Netherlands, June 17, 1981; Yugoslavia, June 2, 1981.
Ratifications deposited: Belgium, May 7, 1981; Chile, Mar. 12, 1981; Spain, June 19, 1981.

Agreement on government procurement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptances: Canada, Singapore, Dec. 30, 1980.
Acceptances deposited: European Economic Community, Dec. 22, 1980; Switzerland, Dec. 31, 1980.
Ratification deposited: Sweden, Dec. 17, 1980.

Agreement on implementation of article VI of the General Agreement on Tariffs and Trade (antidumping code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980.
Acceptances: Pakistan, May 21, 1981; Poland, June 3, 1981.
Ratification deposited: Spain, June 19, 1981.

Agreement on interpretation and application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (subsidies and countervailing duties). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.
Ratification deposited: Chile, Mar. 12, 1981.

Agreement on implementation of article VII of the General Agreement on Tariffs and Trade (customs valuation). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptance: Korea, Jan. 6, 1981.[6]
Ratifications deposited: Austria, Dec. 9, 1980; Spain, June 19, 1981.

Protocol to the agreement on implementation of article VII of the General Agreement on Tariffs and Trade. Done at Geneva Nov. 1, 1979. Entered into force Jan. 1, 1981.
Acceptances: Canada, Dec. 30, 1980; Korea, Jan. 6, 1981.[6]
Ratifications deposited: Austria, Apr. 6, 1981; Spain, June 19, 1981; Switzerland, Jan. 5, 1981.

Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.[3]
Accession deposited: Japan, July 21, 1981.

U.N. Industrial Development Organization

Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna April 8, 1979.[1]
Signatures: Lesotho, June 18, 1981; Jordan, June 29, 1981; Oman, July 6, 1981.
Ratifications deposited: Lesotho, June 18, 1981; Mauritania, June 29, 1981; Oman, July 6, 1981.

Whaling

International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of adherence: Dominica, July 9, 1981; Jamaica, July 15, 1981; Saint Lucia, June 29, 1981; Saint Vincent and the Grenadines, July 22, 1981; Uruguay, July 15, 1981.
Notification of withdrawal: Canada, June 24, 1981, effective June 30, 1982.

Wheat

1981 protocol for the sixth extension of the wheat trade convention, 1971. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Ratification deposited: Kenya, July 8, 1981.
Accessions deposited: Barbados, July 24, 1981; Malta, July 7, 1981.
Declarations of provisional application deposited: El Salvador, July 10, 1981; Morocco, July 2, 1981.

World Health Organization

Amendments to Articles 24 and 25 of the Constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the 29th world health assembly.[1]
Acceptance deposited: Denmark, July 1, 1981.

BILATERAL

Argentina

International express mail agreement, with detailed regulations. Signed at Buenos Aires and Washington Sept. 4 and 26, 1980. Entered into force: Jan. 1, 1981.

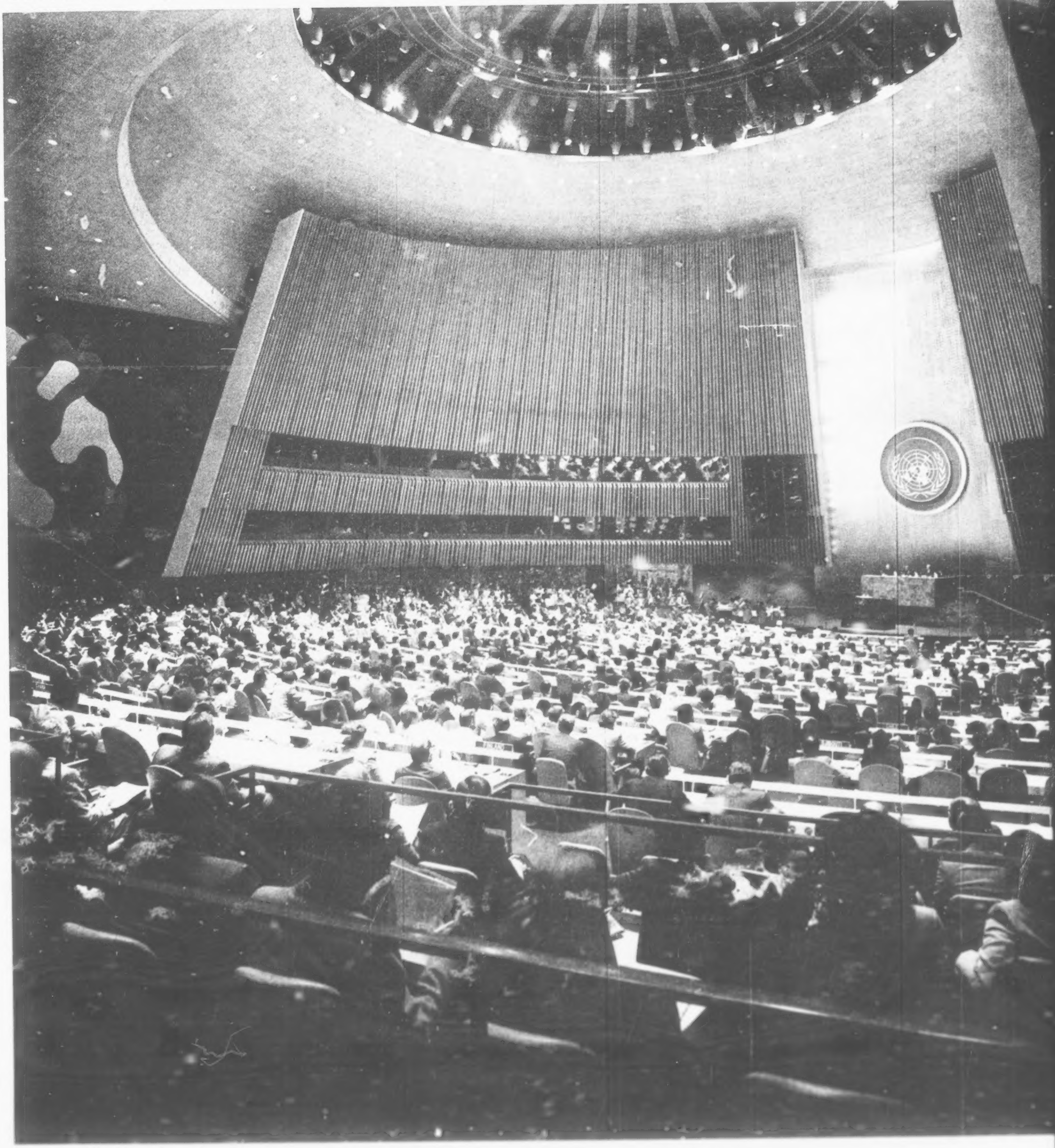
Agreement for cooperation in the fields of agriculture, livestock, and forestry. Signed at Washington May 20, 1981. Entered into force May 20, 1981.

Memorandum of understanding relating to cooperation and mutual assistance in mapping, charting, and geodesy, with annex. Signed at Buenos Aires June 23, 1981. Entered into force June 23, 1981.

Australia

Agreement amending the agreement of May 29, 1980 (TIAS 9781), providing for the continuation of a cooperative program facilitating space flight operations. Effected by exchange of notes at Canberra July 21, 1981. Entered into force July 21, 1981.

U.N. General Assembly Hall.

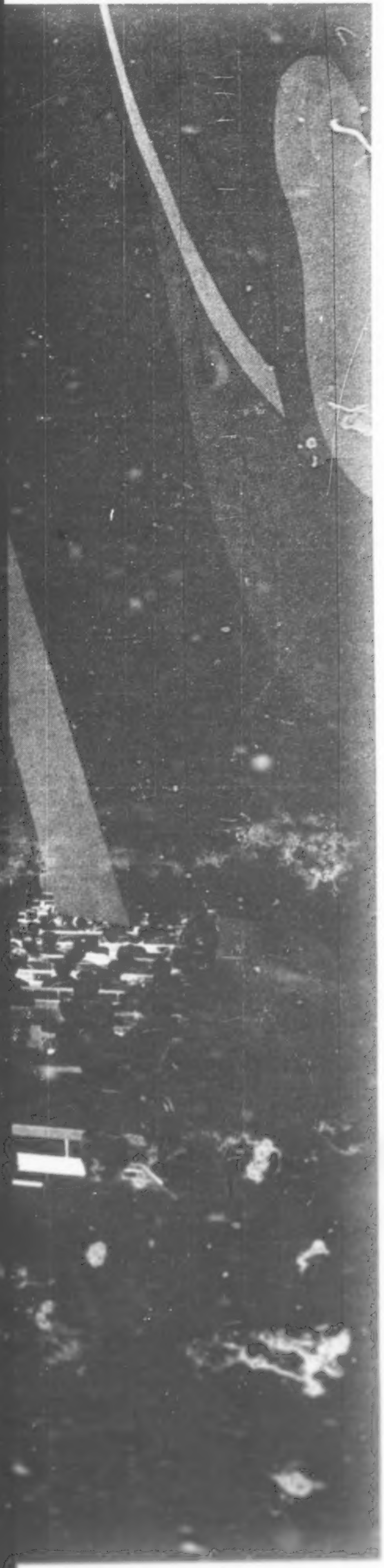


Feature: U.N. General Assembly

A New Era of Growth

by Secretary Haig

Address before the 36th session of the U.N. General Assembly in New York on September 21, 1981.[1]



U.N. photo by M. Grant

The United Nations—this parliament of man—offers us a unique opportunity to examine the human condition. We are each called upon to declare our national purposes. And we are all obligated to address those problems that obstruct the vision of the charter.

Let us begin with the vision. The Charter of the United Nations reflects cherished dreams of a world distinguished by peaceful change and the resolution of international disputes without resort to force. The United States believes in these dreams. They offer the best chance of justice and progress for all mankind. They promise a world hospitable to the values of our own society including a certain idea of man as a creative and responsible individual; democracy; and the rule of law.

The ideals of the United Nations are, therefore, also American ideals. The charter embodies American principles. It will always be a major objective of our statecraft to make of the United Nations an instrument of peace.

We all know that the realization of our dreams cannot depend on hope alone. Obstacles to progress must be overcome through united efforts. The threats to peace are many, suspicions persist, and the price for inaction is great. Truly we face a difficult agenda.

As I make these comments, I am reminded that an observer once said of this annual debate: "Every year . . . a great and sacred orator . . . preaches before the assembly of nations a solemn sermon on the text of the charter." Today, however, I would like to focus instead on an issue of compelling interest: international development.

International development reflects the worldwide search for economic progress, social justice, and human dignity. Short of war itself, no other issue before us will affect more people, for good or ill, than this search. And peace itself cannot be truly secured if the aspirations of mankind for a better life are frustrated.

Development is, therefore, an enduring issue. It has preoccupied the United Nations from the beginning. It will survive the agenda of this assembly and every assembly far into the future. And although great progress has been made, we face today a crucial choice of strategy that will dramatically affect the prospects for future success.

A Choice for the 1980s

Since the Second World War, the progress of development has been uneven but nonetheless widespread. Enormous economic growth has been registered. For example, in the last three decades, average incomes have actually doubled. There have also been great advances in health. Life expectancy has increased dramatically even in the poorest countries and infant mortality has been reduced.

This experience, however, has not been fully shared by all countries and

French as a World Language

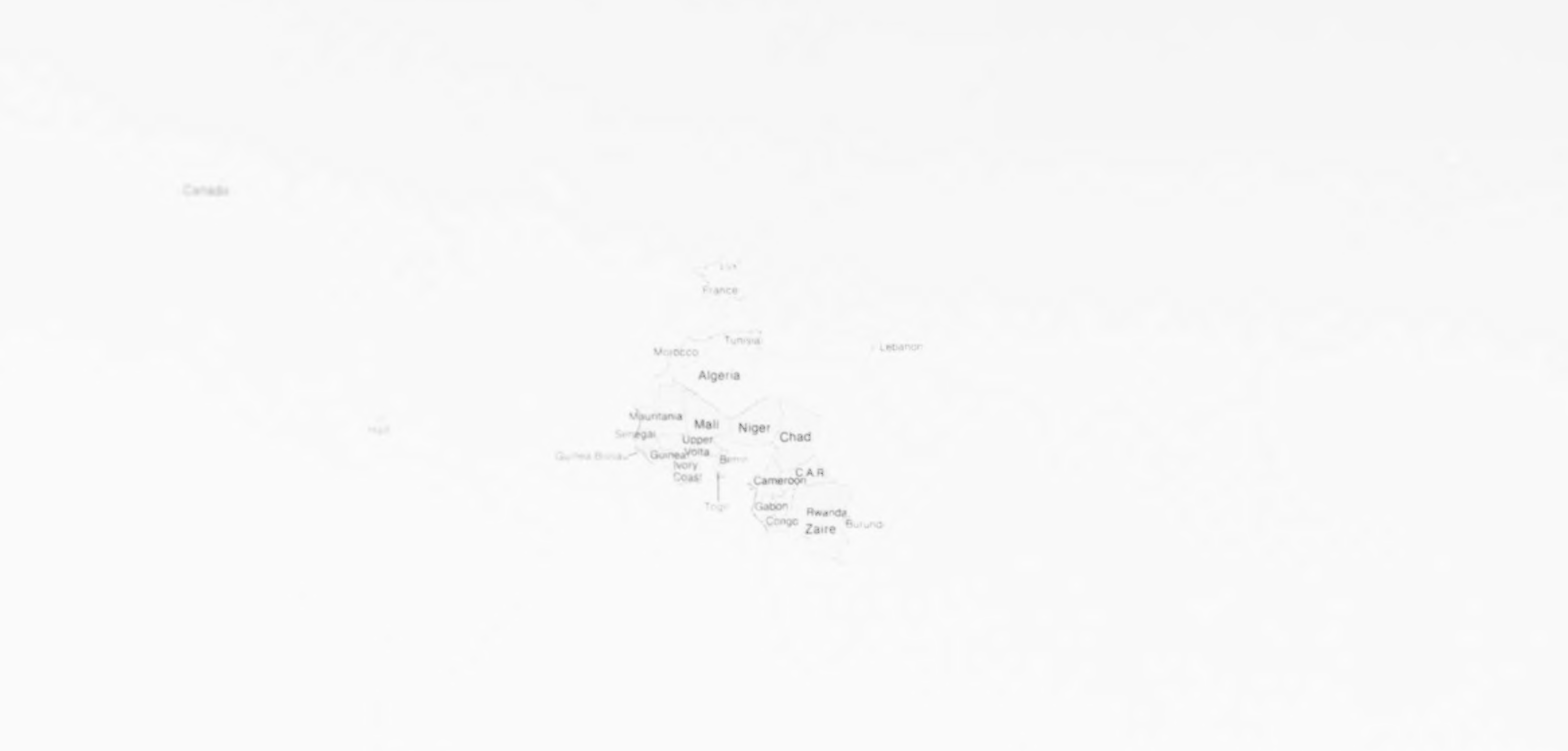
French also plays an important role in international affairs. The first language of diplomacy from the end of the 17th century to well into the 20th century, it is widely used in international organizations and at world conferences. French is the language of education, commerce, and government in former French and Belgian colonies in sub-Saharan Africa, and it has a special position as the working, or first foreign, language in former French colonies in North Africa and the Middle East.

Countries where French is:

☐ Dominant native language

☐ Official or administrative language

☐ Widely used in business, government, and education


Canada
Haiti
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Morocco
Lebanon
Algeria
Mauritania
Mali
Niger
Chad
Senegal
Upper Volta
Guinea-Bissau
Guinea
Benin
Ivory Coast
C.A.R.
Cameroon
Togo
Gabon
Rwanda
Congo
Zaire
Burundi

Boundary representation is not necessarily authoritative

English as a World Language

English has become the leading international language. Widely used in diplomacy, it is also the language for sea and air navigation and is indispensable for international scientific discourse. English also is employed within certain countries where it is not native. In many former British colonies, it is the preferred language for commerce, education, and government. The common use of English in countries where there are several language groups has helped to cement national unity.

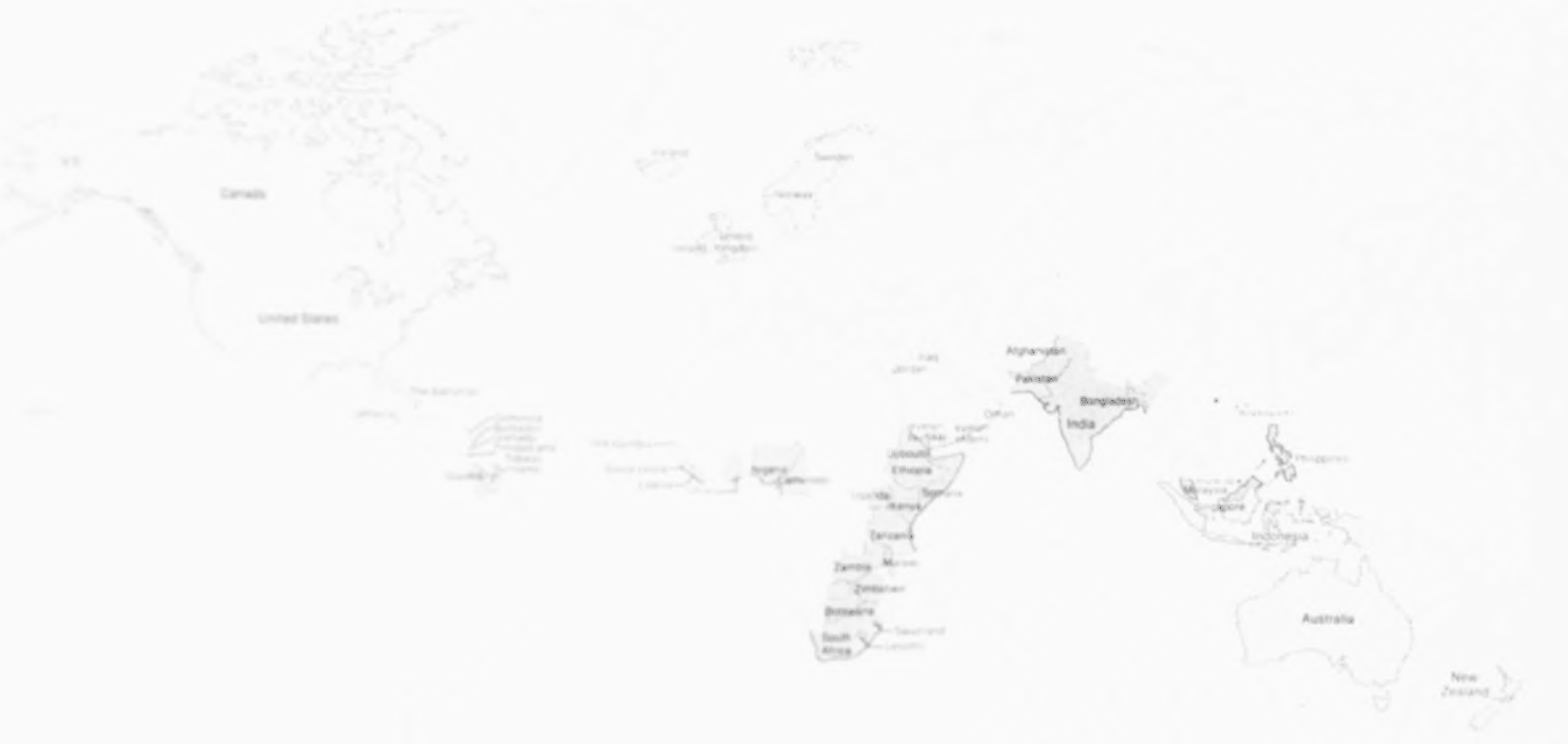
Countries where English is:

☐ Dominant native language

☐ Official language or widely used in public administration or instruction

☐ Officially recognized as first foreign language (as of 1979)

☐ Introduced as compulsory subject on primary level (as of 1979)


Canada
United States
Iceland
Sweden
Norway
Ireland
United Kingdom
The Bahamas
Dominica
Barbados
Grenada
Trinidad and Tobago
Suriname
Guyana
The Gambia
Sierra Leone
Liberia
Nigeria
Cameroon
Iraq
Jordan
Oman
Sudan
Djibouti
Ethiopia
Somalia
Uganda
Kenya
Tanzania
Zambia
Malawi
Zimbabwe
Botswana
Swaziland
Lesotho
South Africa
Afghanistan
Pakistan
Bangladesh
India
Malaysia
Singapore
Philippines
Indonesia
Australia
New Zealand

Boundary representation is not necessarily authoritative

past there have been similar near misses or what I call "high-risk provocations" taken by Libyan air forces and not exclusively against U.S. forces exercising their legitimate rights. It's unfortunate that that incident occurred, and it brought about the consequences we saw.

With respect to Korea, it's important to bear in mind that this operational flight, which was challenged by a missile firing, is one of countless such flights that have taken place over a number of years. Never before has one been challenged in this way. In this instance it appears—and I would say rather convincingly—that the North Koreans fired a missile while the aircraft was in international airspace—and the aircraft never departed from international air space or the territorial air space of South Korea.

Q. Why then, if this was never done before, do you think the North Koreans chose to fire this?

A. It's not the first time that they have done such a thing. I recall my first experience in the Nixon Administration in February of 1969 where North Korea engaged an unarmed American reconnaissance aircraft well out over international waters, so this is not an unusual incident. It's an unfortunate one, and one which we are prepared to deal with if necessary.

Q. I think I have asked this question a few months ago. This week you have met with the Ambassadors of Canada and Australia on the Sinai force. When do you expect a positive commitment from Canada, Australia, and New Zealand on the Sinai force on their participation in it, and how will it affect their relations with the United States if they do not participate?

A. First, let me say we have made it a policy not to provide day-to-day checklists on who is contributing forces and who is not, and the current state of the dialogue between ourselves and those states which we hope to see be donors to this force. I'm very pleased, incidentally, with the progress we're making. We have made substantial progress in putting such a force together. It's not yet totally complete. I'm also very pleased that the Egyptian and the Israeli side yesterday agreed to the establishment of some implementing committees, forums, interlocking committees, that will work to implement the withdrawal of Israeli forces. I think it's still best not to dot the "i's" or cross the "t's" on the dialogues that are continuing with potential donors.

Q. But could you tell us if the United States is using a big stick, whether the countries—

A. Not at all. We wouldn't conceive of such a thing.

Q. Were you surprised by the announcement that Egypt and Israel agreed to resume the autonomy negotiations, and do you expect these negotiations to become an issue on the agenda when Prime Minister Begin comes to Washington, September 14?

A. To the last part of your question, yes, I do expect them to be on the agenda. With respect to the first part of your question, we were pleasantly surprised. We very much welcome the agreement to sit down at an early date and to get on with the autonomy discussions. We have been behind such an outcome for a number of weeks now, and we've discussed it both sides. So when I use the term "pleasantly surprised," that has to do more with the timing and the venue, and it's an unimportant aspect. I do know that we will discuss this with Prime Minister Begin, of course.

Q. Does the United States have evidence that Libya has been sending major new supplies to the PLO [Palestine Liberation Organization] in southern Lebanon, and, if so, does this mean the PLO is violating the spirit of the cease-fire?

A. I presume you are referring to the comments of Prime Minister Begin yesterday about the 18 guns. First, let me say that our not having the evidence of this does not mean that it is not so. Probably, it may be true. Any increased provision of armaments into this area at this time is a serious aggravation of the cessation-of-hostilities situation that we are seeking now to strengthen and broaden through a number of measures. Those measures include communication and efforts with those nations which have provided this armament to cease and desist from doing so.

I also want to emphasize that I drew encouragement from Prime Minister Begin's comment that as long as these weapons were not fired, there would be no counteraction from Israel. I think that is a positive aspect of his statement, which we welcome.

Q. Are you concerned that the need to cut back on the projected defense spending will make it more difficult for you and the Administration to reestablish American credibility, especially with our allies?

A. Let me be very careful about your question. It assumes some substantial cutbacks. There has been no decision as of this session, that I am aware of, to do that. On the other hand, I think it is also important that we recognize that we have taken a number of very, very severe austerity measures on the domestic side. Clearly, the Department of Defense as well as the Department of State have to bear their share of responsibility for greater efficiency and belt-tightening and, if you will, a higher state of efficiency.

I'm confident that Cap Weinberger [Secretary of Defense], who is primarily charged with the esoterics and the details of this issue, recognizes, as do I, that with budgets of the high level we are talking about there are grounds for certain adjustments. What the President decides to do on this issue remains to be seen. I think it is very, very important—to answer your question, however—that the underpinnings of President Reagan's foreign policy require a rectification of the slackening of the American defense effort, which his current policies embody, and which I am absolutely confident he will continue to pursue in the days ahead.

Q. Going back to Korea, do you have any intention to change your basic posture toward North Korea because of the firing of this missile? I also wonder whether you regard this instance as an isolated and independent provocation to the United States, and, if not, why not?

A. It would be hard to characterize it as an isolated and independent provocation. We have experienced those over the years, so there could be nothing isolated about it. One need only look back in the history books. I cited one instance. We all remember the tree-chopping incident and a number of other very dangerous and unfortunate skirmishes along the demilitarized zone. So there is nothing unusual about this in terms of past North Korean performance.

In the case of this instance, however, it would be far too early to say whether or not it is an isolated incident or whether we are going to see more. All I can say in that regard is that we are going to continue to conduct our flights in accordance with past procedures, and we will be prepared to take the necessary measures to protect our airmen and aircraft in that process.

Q. I would like to go back to the Latin American area for just a minute, and there are two parts to this. Could you say at what level the discussions about how to handle the problem of increased Soviet arms shipments are being conducted? Has the National Security Council met on this? Has the President been involved in the discussions? The second part of the question is, are any of the measures that you referred to earlier that are under consideration—military measures?

A. Let me get the last part of your question. Are any of what military measures?

Q. You referred earlier to certain kinds of measures that the Administration had under consideration to deal with the increasing flow of arms from the Soviet Union through Cuba.

A. Let me assure you, we're looking at a whole array of political, economic, and security-related measures that might be appropriate. Let me assure you also, with respect to the first part of your question, that the President has been fully engaged in his concerns about this situation. We are fully aware, those of us in the bureaucracy, of his concerns, we hope we are being responsive to them, and we are going to continue to deal with this problem as it unfolds.

Clearly, the first step in any such exercise is to be sure the communications between ourselves and those who are involved in the incidents and the operations that give us concern are aware of that concern. Surely my meeting with [Soviet] Foreign Minister Gromyko in September at the United Nations will be such a venue for expressing that concern, and I intend to do so.

Q. May I continue with a question on Salvador? The conflict over there has generated a fantastic amount of refugees, a lot of them in this country without proper documents. Are we contemplating any changes in our policy about deporting them, and if so, which changes?

A. We have just, incidentally, received the report of a commission which we sent to Asia to review our refugee policies. It has been traditional American policy to offer refuge for truly political refugees, and we intend to live by that obligation, which is an historic and fundamental aspect of the American way.

There have been controversies from time to time about whether or not a refugee is truly a political refugee, seeking a refuge, or whether he is an economic refugee, seeking just to better his personal, individual condition. This is always a very difficult problem that we will continue to be plagued with and which we will continue to refine our own thinking on. With respect to genuine refugees, American shores have always been open to them, and I know they will remain that way.

Q. What about with respect to El Salvadorans themselves?

A. From whatever source, that are legitimate refugees.

Q. Do we consider them political refugees?

A. You've asked me to dot some "i's" and cross some "t's" that would not be appropriate.

Q. Both President Reagan and yourself have affirmed the U.S. intention to implement the Taiwan Relations Act. Can you tell us, after the Administration has been in office for 8 months, what concrete steps this Administration has taken to implement the act, particularly with regard to such issues as better access by Taiwan's representatives to U.S. officials, additional offices for Taiwan's Coordination Council in this country, and weapons sales?

A. Let me just answer your question, which is a sensitive one—and I'm sure you knew it—with my assurances to you that we have been in the process of implementing the Taiwan Relations Act with the good sense consistent with both the letter and the spirit of that act, and that includes a number of steps in the areas that your question touched upon. I won't go beyond that.

Q. The Administration has now formulated plans for emergency resource mobilization, which will include, in the latter stage, setting up an independent body for the implementation of defense production. What role does the Department of State play in this?

A. In the first place, there is a lot yet to be done, and a lot of consideration is yet to be concluded. I think you know that I have had a longstanding record in expressing concern about the declining American mobilization and industrial base. It has had a profound impact on the nation's ability or lack of ability to implement our foreign policy effectively.

I have held discussions in the past with Cap Weinberger and with the President on the urgent need to address this issue at a national level, so that appropriate remedial steps can be taken. I don't have to dot all the "i's" and cross all the "t's" on that, but sometimes it takes the United States 4 years to respond to an urgent security request from a trusted ally. The impact of that is devastating.

There have been a number of interim measures taken which we have supported, especially in our security assistance program for next year where we have asked for a $100 million pool to be established that would provide certain equipment that could be drawn down on in the case of emergency instead of diverting from our own force structure. So we are intimately and heavily engaged in this process, as we should be.

Q. Will the plan be put into operation relatively quickly because of the failure of the Reagan economic program?

A. I don't accept your premise in any way. I'm an optimist. I would hope that you might become one.

Q. In your meetings with Mr. Gromyko, will you be offering or encouraging greater U.S.-U.S.S.R. trade relations or enhanced relations?

A. With the Soviet Union?

Q. Yes, most particularly in the field of agriculture.

A. I would emphasize that this meeting between Mr. Gromyko and myself is what you might call a meeting engagement. This is the first ministerial-level meeting between the Soviet Union and the United States in this Administration. We have a very complete agenda which has been discussed at the ambassadorial level. First and foremost on that list, of course, is the desire to arrive at specific modalities to launch the theater nuclear arms control negotiations, sometime between mid-November and mid-December. But these discussions will involve some of the tions with Libya in 1980. Mauritania, Mali, Nigeria, Ghana, and Niger objected strenuously to the transformation of Libyan embassies into People's Bureaus last year and reacted by expelling the Libyan diplomats from their countries. Kenya and Upper Volta refused to allow the establishment of People's Bureaus. Sudan has long considered Libya responsible for a series of unsuccessful coup attempts, most recently in 1977, and has been extremely concerned about the presence of Libyan troops in Chad. On June 25, 1981, accusing the Libyans of involvement in an explosion at the embassy of Chad in Khartoum, Sudan expelled all Libyan diplomats.

U.S. Policy

The U.S. Government believes that a continued Libyan military presence in Chad, rather than bringing peace to that war-ravaged country, insures the continuation of the civil war and proves a threat to neighboring states. Libya should follow through immediately on its announced intention and expeditiously withdraw its troops from Chad.

We have stated that the Libyan military presence in Chad is an African problem requiring an African solution. More generally, it is up to African states in the first instance to stand firm against further Libyan efforts at subversion. Similarly, the governments of Africa, not our own, have the task of making people aware of the dangers inherent in Libyan blandishments, covert activities, and financial promises.

At the same time, however, we recognize that African nations need assistance against Qadhafi's diplomacy of subversion and support for international terrorism. Qadhafi's general pattern of unacceptable conduct worldwide convinced this Administration that the United States could no longer carry on "business as usual" with Qadhafi's Libya and led to the closing of their People's Bureau in Washington in May of this year. We want to help African nations threatened by Qadhafi's diplomacy. In our FY 1982 budget, this Administration added substantial funds for military assistance to Tunisia and Sudan, two countries directly threatened by Libya. We are seeking ways to help, with both economic and military support, others similarly threatened.

Policy Problems of Arms Control

by Eugene V. Rostow

Statement before the Senate Armed Services Committee on July 24, 1981. Mr. Rostow is Director of the Arms Control and Disarmanent Agency (ACDA).[1]

I am honored to appear before this committee in the first of what I hope will be a long series of meetings and consultations on many aspects of the responsibilities we share. I look forward to our collaboration.

At this point, I shall try not simply to repeat the ideas of the three recent expositions of Administration policy in the field of arms control—President Reagan's statement of July 16 on nonproliferation policy; Secretary of State Haig's speech of July 14, 1981, at the Foreign Policy Association in New York; and the opening statement I presented on June 22 at my confirmation hearings before the Foreign Relations Committee. Instead, I shall open our conversation by commenting on some of the main policy problems of arms control as I am beginning to see them from my desk.

Arms Control—An Integral Part of Foreign and Defense Policy

Let me start with the principle on which all three of the statements to which I have referred are based—that arms control agreements are an integral and potentially a useful part of our foreign and defense policy but not a substitute for it and by no means "the political centerpiece or the crucial barometer" of Soviet-American relations, in Secretary Haig's phrase. No proposition about arms control is more nearly self-evident.

But I have been startled during my first few weeks on the job to discover how many people do not believe it. Both at home and abroad, a substantial number of people are convinced that there is magic in arms control agreements and, indeed, even in the process of negotiating with the Soviets about nuclear arms and that if we sign an agreement with the Soviet Union about strategic nuclear arms—any agreements—the risk of war, and especially the risk of nuclear war, will diminish. I cannot tell you how often I hear variations of this theme: "But if we insist on verification," people say, "or on reductions in the size of nuclear arsenals or the disclosure of data by the Soviet Union or whatever, the Soviets will say 'no,' " as if that were a conclusive objection to the suggestion I had put forward. The implicit premise of these remarks, of course, is that it is better to have even a bad agreement than no agreement at all and that we must, in the end, agree to whatever terms the Soviet Union lays down in order to have the security blanket of an arms control agreement.

It is difficult to understand how such views could have survived our recent experience with arms control. Manifestly, arms control agreements cannot and do not guarantee the peace. The Versailles treaty and the naval arms limitation agreements of the 1920s and 1930s did not prevent the Second World War. Nor did the SALT I agreements, or the process of negotiating SALT II keep the Soviet Union from radically enlarging its sphere of influence through the systematic use of war as an instrument of national policy.

. . . arms control agreements cannot and do not guarantee the peace.

The pace of Soviet expansion has been accelerating for the last decade; the state system itself is now crumbling before our eyes under the impact of that pressure. With Soviet campaigns of expansion activity under way in Asia, the Middle East, Africa, and the Caribbean; with Europe, Japan, China, and the United States itself under threat, we have reluctantly become conscious of the strategic goals and the aggressive nature of Soviet foreign policy and the menacing weight of the military buildup on which it rests. We have become conscious as well of the fact that we are close to a turning point—that unless we and our allies act decisively now to restore the stability of the state system, and back our policy with clearly adequate deterrent force, our capacity to protect our vital national interests in peace will become problematical.

President Reagan has said that "the first and foremost" objective of our foreign and defense policy is "the establishment of lasting world peace." I emphasize the word "establishment." It is fully justified by the transformation of the balance of power and of the political situation which has taken place since 1970 or so.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

President Reagan's thesis that the establishment of peace is our most vital national interest is not a simple idea; it means far more than the fact that at any given moment the guns may be silent. For the United States to be truly at peace as a free nation within a generally peaceful society of nations requires us to face problems of world public order we have long preferred to take for granted or to ignore. Peace is not a political condition which just happens; it is not even the natural state of international society. On the contrary, peace is a system, based on accepted rules and the essential cooperation of the great powers in enforcing those rules generally and fairly. It must be achieved by the sustained effort of governments. Peace will be restored only if we and our allies actively encourage it, nurture it, and enforce it by devising and carrying out policies of global and regional stability and persuading the nations that in the nuclear world there can be no real alternative to the principle of mutual restraint in international affairs.

To pursue such policies effectively, we must create the "objective conditions" for peace—the articulation of clear goals for our foreign and defense policies and the organization of strong regional coalitions to see that these goals are fulfilled. To that end, the Administration has revitalized the policy of containment which has been the bipartisan cornerstone of U.S. foreign and defense policy since 1947. The President and the Congress together are moving vigorously to rebuild our military forces, to strengthen our alliances, and to forge new relationships with other nations which share our concern about the threat to world public order posed by the Soviet Union and its satellites, proxies, and proteges. Our allies are taking important steps to enhance their contribution to our program of collective diplomacy and security. As this committee knows very well, diplomacy without force behind it is impotent. With the world in disarray, peace can be achieved only be deterring or stopping aggression, not by wishing it away.

Our problem is to define the role of arms control in the quest for peace. As Secretary Haig said on July 14: " . . . the search for sound arms control agreements should be an essential element of our program for achieving and maintaining peace." That sentence, along with the arms control principles the Secretary spelled out in his Foreign Policy Association speech, provides a clear compass for our policy in negotiating arms control agreements and a standard for judging arms control agreements when they are reached.

Negotiations must never be allowed to decouple us from our allies or to interfere with the process of restoring the military balance. The instructions to our negotiators will make it clear that agreement, however desirable, should rest on the bedrock of what is necessary to carry out the national strategic policy objectives. It has sometimes seemed that we have put the cart before the horse by allowing arms control considerations to influence our policy with regard to weapons procurement and even strategy. This is a risk we must guard against at all costs, particularly as the pressures of Soviet arms control propaganda mount. Sound strategic planning must not be sacrificed on the altar of SALT or START [strategic arms reduction talks].

Policy Differences on the Nuclear Weapon

At the threshold, we face the dilemma which has haunted arms control negotiations from the beginning—the United States and the Soviet Union have different policies with regard to the nuclear weapon and different objectives in negotiations about possible agreements to limit the mad spiral of nuclear arms accumulation. The two nations have similiar interests in opposing nuclear weapons proliferation, and the Nonproliferation Treaty (NPT) of 1968 was not exceptionally difficult to negotiate. This has not been the case with the SALT agreements, as we all know. Unless the Soviet Union comes to accept a different philosophy about the objectives of its foreign policy and the role of the nuclear weapon in world politics, we can anticipate a stormy time in the negotiations now before us about long range theater nuclear weapons and strategic nuclear weapons.

U.S. doctrine is that the goals of our nuclear forces are deterrence and stability. Our nuclear arsenal exists to make certain that neither the Soviet Union nor any other country could use or brandish nuclear weapons in world politics for aggressive purposes. Our purpose is to maintain a credible second-strike capability so that the United States, its allies, and its vital interests are protected at all times against nuclear attack or the threat of nuclear attack. With an assured second-strike capability, we should be able to use military force in defense of our interests if it should become necessary to do so, not only in Europe but in many other strategically critical parts of the world as well. In my view—and here I speak for President Reagan—this is and must remain the minimal goal of our nuclear arsenal and our minimal goal in arms control negotiations.

The Soviet Union has not yet adopted this position. On the contrary, the mission of its nuclear forces is intimidation and coercion—and, if necessary, victory in nuclear war. The Soviet Union has been building one nuclear weapon system after another in an obvious effort not only to equal but to surpass the United States and thus to paralyze the U.S. nuclear arsenal. Achieving such a position, they believe and say, would permit them to expand their domain almost at will, using covert methods of subversion or conventional forces under the protective cover of what they consider to be superiority in nuclear arms.

During the SALT period, the Soviet Union made great progress toward this end. I need not recite the litany of new weapons deployed by the Soviets in the last 10 years. In general terms, the most threatening features of this buildup have been the massive increase in hard-target-kill-capable intercontinental ballistic missile (ICBM) reentry-vehicles; the growth in the destructive potential of Soviet strategic forces as a whole; the deployment of mobile, highly-accurate, and MIRVed [multiple independently-targetable reentry vehicle] long-range

Negotiations must never be allowed to decouple us from our allies or to interfere with the process of restoring the military balance.

China as directed against the interests of any other country. Instead, we perceive an historic opportunity to build constructive, friendly relations with a country which is a future world power occupying a strategic position in the Asia-Pacific region and on the Eurasian landmass. Our long-term objective is to enhance greatly the stability of the region by strengthening U.S.-China ties.

As I have indicated, this in no way means that we will ignore Taiwan. We want to continue to improve the substance of our unofficial relations with the people of Taiwan. On his trip, the Secretary told the Chinese that we would continue to manage these relations—as we have since normalization—on the basis of the joint communique. As we have consistently stated, our own law establishes a basis for the continuation of these unofficial relations. It is clear that we have certain differences over Taiwan, which, of course, include the sale of defensive arms. We listened to Chinese views, and we made our views known. I think both sides came away from these meetings with a greater awareness of the other's sensitivities over Taiwan.

Both the Chinese and we realize that for the foreseeable future the political significance of the steps we have taken will far outweigh the immediate military and economic consequences. These are, however, very important gestures aimed at consolidating a long-term relationship in which we will hope to be able to continue to engage our Chinese friends in a positive foreign policy dialogue—particularly in Asia—and to build a network of reinforcing ties which, while leaving us free to pursue internal and foreign policy goals independently, will nonetheless insure cooperative and friendly U.S.-China relations well into the 21st century.

Approach to Foreign Economic Issues

by Myer Rashish

Statement before the Joint Economic Committee of the Congress on July 14, 1981. Mr Rashish is Under Secretary for Economic Affairs.[1]

I am pleased to appear before this committee in its consideration of foreign economic policy. This committee and you, in particular, Mr. Chairman [Representative Henry S. Reuss], have played a prominent leadership role in making the American people aware of the importance of a vigorous U.S. international economic policy to the health of the U.S. economy and to our foreign policy objectives.

We both are concerned about many of the same issues. From our respective vantage points in the executive and legislative branches, we share a responsibility for establishing the crucial linkages between foreign economic policy, on the one hand, and both U.S. foreign policy objectives and domestic economic policy objectives on the other. It is the close connections among these three policy dimensions that I wish to emphasize in my presentation today.

I am sure that the committee will agree that in today's world economic issues are increasingly becoming the very stuff of foreign policy. This is clearly illustrated by the intensive preparations now underway for the Ottawa summit [July 19–21]. The economic and political issues which the heads of government will be discussing at Montebello, just outside of Ottawa, are so closely intertwined as to be inseparable.

On the other hand, foreign economic issues are increasingly tied to the operation of the domestic economy. Trade now represents nearly twice as high a percentage of our gross national product than it did 10 years ago. In 1970 U.S. exports constituted 4.5% and today they constitute 8.4% of our GNP. U.S. monetary policy and its implications for the macroeconomic policies of our chief trading partners are among the chief concerns of the political leadership in Europe and Japan. Inevitably, the Administration's goals for the domestic economy will affect—and be affected by—developments on the international scene.

Myer Rashish was born on November 10, 1924, at Cambridge, Mass. He attended Boston Latin School (1941) and received his A.B. degree in economics from Harvard (1947). Mr. Rashish was an instructor in economics at M.I.T. (1946–47) and at Williams College (1947–49). While at Williams he also acted as a visiting lecturer in economics at Tufts College. He was assistant professor of economics at Bowdoin College, Brunswick, Maine (1949–51).

Mr. Rashish joined the Department of State in 1952 as an economist with the Office of International Finance and Development Policy and the following year became the director of the international section for the Midcentury Conference on Resources for the Future. During 1954–56, he acted as the economic consultant to the Committee for National Trade Policy, Inc.

From 1956 to 1960 Mr. Rashish was the chief economist and the staff director for the Subcommittee on Foreign Trade Policy of the House Ways and Means Committee. In addition he served as the secretary for President-elect Kennedy's task forces on foreign economic policy and the balance of payments. In 1961 he became special assistant to the Under Secretary of State for Economic Affairs, after which he went to the White House as assistant for international trade policy.

Beginning in 1963 Mr. Rashish was a self-employed consulting economist. As a consultant to the congressional Joint Economic Committee, he organized a program of U.S. foreign economic policy for the 1970s for the Subcommittee on Foreign Economic Policy. From 1971 to 1976, he was a consultant to Senator Abraham Ribicoff in connection with the latter's chairmanship of the Subcommittee of Foreign Trade of the Finance Committee.

In 1976 President Ford appointed Mr. Rashish to the Advisory Committee for Trade Negotiations, to which he was reappointed by President Carter in April 1978 and June 1980. He was elected chairman of that committee in January 1980.

Mr. Rashish was sworn in as Under Secretary for Economic Affairs on June 29, 1981.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Ultimately, our responsibility is to craft and implement a U.S. foreign policy which takes into account all our interests—our security needs, our resource requirements, our trade and investment concerns, our need for good working relations with the many countries a world power must deal with in today's interdependent world. Of course, the success of such a foreign policy is dependent on a dynamic domestic economy. The President's economic recovery program is thus central to our foreign economic policy, and the role the State Department plays in foreign policy rests on close coordination with the agencies primarily responsible for our domestic economy.

I would like to illustrate this general approach to foreign economic policy by briefly reviewing with you five principal areas of concern:

- Energy supply and independence;
- Trade;
- International investment and finance;
- Support for economic development; and finally
- The very special economic ties we have with our closest allies and neighbors.

Energy

While rapid oil price rises and occasional supply interruptions can cripple economic growth and increase inflationary pressures in consuming countries, it is the national security implications of the unhealthy dependence of the United States and the other major industrialized countries that are most disturbing to this Administration. It is impossible to think about such widely disparate issues as the Middle East peace process, the present condition of the international monetary and commercial banking systems, or the financial solvency of key developing countries without reaching back to the dependence of the international system on imported oil and on a small group of oil suppliers.

To reduce that dependence, this Administration is emphasizing, in the first instance, market-oriented policies to enhance supply and to restrain demand. A key element has been the President's decision to implement a realistic energy pricing policy. Oil price decontrol and eventual deregulation of natural gas prices are essential steps in eliciting increased production and discouraging inefficient use of energy. Other important supply-oriented policies are now under development. We aim to accelerate leasing of off-shore oil, resolve regulatory and institutional problems inhibiting the use of nuclear power, and remove impediments to increased production, use, and export of coal. Our extensive coal resources need to be developed; we are confident that private industry will be able to expand output and improve infrastructure for delivery of coal exports as long as government provides a reasonable regulatory climate.

The U.S. response to market forces in energy has been impressive. Oil consumption in the first half of 1981 is running at 16 million barrels per day, the lowest level since 1973. Oil imports for the half year are running just over 5 million barrels per day, 3½ million barrels per day below the 1977 peak. The decline in U.S. domestic oil production has, at least temporarily, been halted.

Yet increased production and more efficient energy use in the United States addresses only part of the energy problem. Preparedness to adjust to energy market disruptions is vital. Supplies can be disrupted, as we have seen, by political conflict and social upheaval and by sudden demand surges. The obvious examples of these dangers stem from the Middle East; less visible is prospective West European dependence on the Soviet Union for substantial amounts of natural gas which has the potential for unhealthy influence.

We must be prepared to counter these threats to our energy security by national action and international cooperation. Nationally, an effective strategic petroleum reserve is crucial. The reserve is the basis for crude oil security, to be used in response to a major oil supply interruption and in the framework of a response coordinated with our partners in the International Energy Agency (IEA).

Purchases of crude oil for the strategic petroleum reserve were resumed in October of last year at a rate of about 100,000 barrels per day. The fill rate has accelerated sharply in the past 6 months. Since the beginning of FY 1981, 70 million barrels have been added to the reserve, bringing the total in storage as of June 30 to 163 million barrels. The current oversupply of crude oil in world markets and resulting lower prices have enabled us to achieve a faster than anticipated fill rate. We now expect to have approximately 200 million barrels in storage by the end of FY 1981, taking into account contracts already signed and projected purchases. This will be an important step toward our currently scheduled 1989 target of 750 million barrels.

While a petroleum reserve is one element of our energy and national security policy, other elements, involving international cooperation, are also required. It would be a serious mistake to believe that U.S. energy supply or national security could be maintained in a world in which our allies were crippled and the world trading economy sundered by serious price shocks or supply disruption. For this reason, cooperative efforts with other industrialized countries are fundamental to our energy security policy. The International Energy Agency is the prime forum for this cooperation. The IEA emergency oil-sharing system, designed to counter catastrophic shortfalls, is the keystone of this energy security policy. In addition, we have learned also from the recent past that smaller, or even threatened, shortfalls can also lead to harmful price rises, and IEA consultations are underway to try to find appropriate contingency measures for these situations.

A sound energy policy also requires good relations with reliable producers. Investment climates need to be improved; discriminatory policies, such as those in our neighbor to the north, favoring domestic investment can reduce optimal energy investment to everyone's detriment.

We will not relax our search for energy security in the face of the current oversupply of crude oil on world markets. This quest for energy security will probably bring us into contact with almost every conceivable aspect of foreign and economic policies, and we are prepared to insure that our policies reflect that critical objective.

Trade

Current challenges in the trade field arise out of the success—in both foreign policy and economic terms—of the basic policies adopted after World War II. The U.S. goal then in establishing the General Agreement on Tariffs and Trade (GATT) and urging our trading partners to establish a more open and market-oriented trading system was to increase both world prosperity and international interdependence through the

Interagency Group on Human Rights and Foreign Assistance

This subcommittee has expressed concern over the recent Administration decision not to oppose, on human rights grounds, several multilateral development bank loans currently proposed for Paraguay, Uruguay, Chile, and Argentina.

In 1977 the interagency group on human rights and foreign assistance was established to provide guidance regarding specific decisions on bilateral and multilateral loans. A staff level interagency working group was also formed to prepare recommendations to this policy level committee. As operating procedures improved and decisions had established precedents, more issues came to be resolved at the working level. The full committee met 13 times in its first year, nine times in 1978, five times in 1979, and only twice in 1980. The working group met approximately once a month.

Under this Administration, the interagency working group has continued to meet on a regular basis and review all proposed loans and projects of the MDBs, assessing information about human rights from a wide range of sources. It carefully considers reports of international human rights organizations and from American embassies and recommends, in accordance with section 701, whether the United States should vote against or abstain on a loan.

In arriving at its decisions, the working group examines the human rights climate and trends in the country seeking the loan, the nature of the loan under review—with particular attention as to whether the loan is directed specifically to basic human needs—bilateral U.S. assistance, and the effectiveness of our vote in the context of our other efforts to promote human rights in that country. The legislative requirements that affect the eventual recommendation have to be our first consideration. In cases where the working group is unable to decide or where there are issues of particular importance—which there almost always are when there is a change in our voting pattern—the matter goes to the top levels of the Department for resolution and subsequent recommendation to the Secretary of the Treasury.

On April 17, the Treasury Department informed Congress, in accordance with the International Financial Institutions Act of 1977, of the Administration's intention to vote in favor of a nonbasic human needs loan to Korea. During the period from June to December 1980, the United States had abstained on seven loans to Korea—valued at a total of $374 million—from the World Bank and the Asian Development Bank. This decision was reached by consensus at the working group level and reviewed at the policy level. Beginning with a vote on April 21, we have approved four loans to Korea with a total value of $213 million.

On July 1, we informed Congress of our intention not to oppose on human rights grounds certain MDB loans for nonbasic human needs projects in Argentina, Chile, Paraguay, and Uruguay. As we explained when we announced our intention, we decided to vote for the loans in view of the progress that has been made in the area of human rights in each of these countries. We do not believe that the present situation in any of them currently requires us to oppose loans under the statute. It is our view that, in this way, we could best encourage further progress on human rights.

In the case of Paraguay, the number of people with claim to political prisoner status is down from 600 5 years ago to about a half dozen at the present time. The last reported disappearance was in 1979, and the U.N. Human Rights Commission dropped Paraguay from the countries under active review in its February session. In Uruguay there have been very few new arrests and convictions in recent years and the number of prisoners is declining. The situation in Chile began to improve significantly in late 1976, but concern about the Letelier-Moffitt case kept the United States from acknowledging that progress. Concern over that case was right, but we feel it is now important to give a positive signal to Chile to encourage continuing improvement.

The level of violence in Argentina, to which terrorist activity was a major contributing factor, peaked in the years 1976–78. Thousands of persons disappeared during that period, but in 1979 there were 44 confirmed cases, last year only 12, and there have been no confirmed disappearances in many months. The number of prisoners held under executive powers has dropped from 8,000 to about 900, and releases continue.

Conclusion

Human rights problems clearly remain in these countries. But if we are to have a human rights policy that encourages further progress, we should recognize the improvements that have occurred. The fight for human rights in any country involves domestic political struggles. If we do not recognize progress we weaken those factions in any particular country who are arguing that progress has some beneficial international results. We must work for further human rights progress and use our most effective tools to attain it.

Japan To Continue Imports of Fruits and Vegetables

Following discussions between U.S. and Japanese officials in Washington and Tokyo, the Government of Japan will continue to accept for import into Japan fruits and vegetables covered by phytosanitary certificates. In practice, this means that import prohibitions will apply only to those fruits and vegetables which come from areas in California federally regulated for the Mediterranean fruit fly (Medfly). This is consonant with procedures governing movement of these same fruits and vegetables in interstate commerce within the United States.

The United States is sending a technical team to Japan August 19, 1981, to meet with Japanese officials for the purpose of consultations on the regulated areas and plant procedures, as well as the list of fruits and vegetables host to the Medfly, and other related matters.

As we have previously stated, the U.S. Government recognizes the legitimate concerns of the Japanese Government in this matter, and we intend to continue to work cooperatively with the Government of Japan to deal effectively with those concerns. We are very appreciative of the positive and constructive manner in which the Government of Japan has worked with both the Department of Agriculture and the Department of State on this matter. Secretary [of Agriculture John R.] Block and Deputy Secretary [of State William P.] Clark in particular express their personal appreciation for this cooperation.

Press release 284 of Aug. 19, 1981. ■

These decisions are not unprecedented. The previous administration also changed from opposing to approving loans in a number of countries. Those changes were based on an assessment of the human rights situations in the countries at the time the loans were presented and the fact that there had been improvements.

In casting our future votes in the multilateral development banks on loans to all countries, we will observe statutory requirements of the International Financial Institutions Act. We will also take into account financial and economic factors that are of importance. We will continue to give special attention to which kind of vote is most likely to encourage improvement in human rights conditions. Our guiding goal must be to have the United States make effective contributions to the progress of human rights wherever we can.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Soviet Military Exercise

DEPARTMENT STATEMENT, SEPT. 4, 1981[1]

On August 14 the Soviet Union notified CSCE [Conference on Security and Cooperation in Europe] signatories of an exercise to take place September 4–12 in the Byelorussian and Baltic military districts and on the Baltic Sea. The Soviet notification did not include the number of troops taking part in the exercise. This information is required under the Helsinki Final Act confidence-building measure on prior notification of major military maneuvers.

In the past the Soviet Union has always given information on the number of participating troops in its notifications. Thus the Soviet notification of the current exercise is inconsistent with its own past practice. We have inquired about the omission of this information in this case but have received no troop figure or explanation from the Soviet Union.

The failure of the Soviet Union to provide the number of participating forces is inconsistent with the Final Act major maneuver confidence-building measure.

This matter should be of concern to all those participating in the Madrid CSCE followup meeting. It raises a question of Soviet willingness to implement fully the provisions of the Final Act confidence-building measures, and it underscores the necessity that any conference on disarmament in Europe mandate embody the proposed Western criteria (i.e., confidence-building measures must be militarily significant, verifiable, politically binding, and applicable to the whole Continent of Europe, including all of the European territory of the Soviet Union).

DEPARTMENT STATEMENT, SEPT. 8, 1981[1]

Subsequent to my statement on September 4 regarding the notification of the Soviet exercise now taking place in the Baltic and Byelorussian military districts, TASS has advised that the number of Soviet forces participating in that exercise is 100,000.

In view of this announcement of the size of the Soviet exercise, it is now clear that the Soviet Union has failed to observe the Helsinki Final Act provision on prior notification of major military maneuvers. That provision calls upon the notifying party to include in its notification the numerical strength of the forces taking part in the maneuver. A major military maneuver is defined in the Final Act as one involving more than 25,000 men.

We deeply regret that the Soviet Union did not provide this information in its original notification and that it has not yet officially replied to our inquiries on this question.

The signatories to the Final Act can only view with concern the failure of the Soviet Union to comply with the provision on prior notification of major military maneuvers. It raises serious questions about the Soviets' professed interest in measures designed to build confidence and to enhance stability in Europe. As I said on Friday, this underscores the necessity that any mandate for a conference on disarmament in Europe embody the proposed Western criteria for confidence-building measures.

We also note the continuing failure of the Soviet Union to implement the humanitarian provisions of the Final Act as evidenced by the lack of progress on reunification of divided families and by the arrest of numerous individuals seeking to exercise rights recognized by the Soviet Government when it signed the Final Act. The overall Soviet record raises deep concern about the seriousness of the Soviet Union's commitment to fully implement the Final Act.

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[1] Read to news correspondents by Department spokesman Dean Fischer. ■

Third Report on Cyprus

MESSAGE TO THE CONGRESS, JULY 23, 1981[1]

In accordance with the provision of Public Law 95–384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyprus problem.

The intercommunal negotiations between Greek Cypriot and Turkish Cypriot representatives are continuing under the chairmanship of the United Nations Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi. During the period since my last report, the Greek and Turkish Cypriots prepared for and held elections, and the pace in intercommunal negotiations slowed with one negotiating session held on June 2. Elections having been completed, regular intercommunal sessions resumed on July 8 and we anticipate the parties will continue meetings on a regular basis. Both sides have continued to negotiate in a congenial atmosphere.

We also note with pleasure that the Committee on Missing Persons held its inaugural meeting on July 14. Although procedural questions delayed the initial session, these now appear largely to have been overcome. As I noted in my report of May 19, although the problem of missing persons in Cyprus is not officially an issue for the intercommunal negotiations, it is an important humanitarian concern for both communities. Consequently, progess on this issue could be conducive to facilitating a positive negotiating atmosphere and we hope the Committee will be able to proceed with its substantive mandate in the near term.

More importantly we hope that during the coming months the parties, under the *aegis* of United Nations Secretary General Waldheim, will seek to move vigorously on the issues dividing them. During almost a year of steady negotiating, the parties have examined in detail the complex issues separating them. We hope they can now

The U.N. Family of Organizations

Specialized Agencies

The U.N. system includes many related organizations providing international social, economic, cultural, or technical services. The 15 groupings known as the U.N. specialized agencies are similar in organization, although affiliation with the United Nations varies and each has its own statute, budget, and membership. For example, the Universal Postal Union, with a membership of 185, has more members than the United Nations itself. Following is a list of the specialized agencies.

International Bank for Reconstruction and Development (IBRD)

International Civil Aviation Organization (ICAO)

International Development Association (IDA)

International Fund for Agricultural Development (IFAD)

International Finance Corporation (IFC)

International Labor Organization (ILO)

Inter-Governmental Maritime Consultative Organization (IMCO)

International Monetary Fund (IMF)

International Telecommunication Union (ITU)

Food and Agriculture Organization of the United Nations (FAO)

U.N. Educational, Scientific and Cultural Organization (UNESCO)

Universal Postal Union (UPU)

World Health Organization (WHO)

World Intellectual Property Organization (WIPO)

World Meteorological Organization (WMO)

Other Organizations

Similar to the specialized agencies are several bodies created by the U.N. General Assembly to meet other needs and emergencies. Such organizations include the U.N. Development Program (UNDP), which administers technical assistance to the developing countries; the U.N. High Commissioner for Refugees (UNHCR), which provides legal protection and material support for political refugees throughout the world; and the U.N. Children's Fund (UNICEF), founded in 1946 to assist children in war-ravaged countries and made a permanent agency in 1953.

Some U.N. agencies have been created to focus on specific geographic areas. UNESCO established the regional economic commissions for Europe, Asia and the Pacific, Latin America, and western Asia to promote regional trade and industry. The United Nations is also associated with several of the regional or subregional development banks, mostly those in Third World areas, which contribute to regional development efforts.

Regional Arrangements

The United Nations was intended to be the universal peacekeeping organization. However, the U.N. Charter, signed in 1945, also gave members the right to take part in regional arrangements consistent with U.N. purposes and principles and to settle local disputes through such arrangements. This provision was adopted because nearly 40% of the countries that signed the charter in 1945 were members of a well-developed hemispheric organization, the inter-American system comprising the United States and the Latin American republics.

In 1948 the U.N. General Assembly invited the Organization of American States to send observers to General Assembly sessions. In 1950 this recognition of special regional status was extended to the League of Arab States, which had come into existence a few months before the charter was ratified, and in 1965 to the Organization of African Unity founded in 1963.

U.S. Strategy in the Middle East

by Secretary Haig

Statement before the Senate Foreign Relations Committee on September 17, 1981.[1]

This is a welcome opportunity to review our progress in foreign policy during the first 9 months of the Reagan Administration. I would like to focus particularly on the Middle East, because we have just met with three of our best friends from that critical region. And I know that the subject is very much on your minds because of the impending debate over arms sales to Saudi Arabia.

That debate is also very much on my mind because so much is at stake in your decision. I am deeply conscious of the concerns that have made these proposed sales so controversial.

For our part the President's decision was not arrived at lightly. What is at stake here is far more than an important improvement in the military capability of a friendly nation. What is at stake is this nation's capacity to develop a strategy that can move the peace process forward and protect our vital interests in an unstable area exposed not only to historic Arab-Israeli rivalries but increasingly to threats from the Soviet Union and its proxies.

If we fail to develop such a strategy, the consequences for the United States and its industrialized allies could be substantial, but for our friends in the region—and for Israel in particular—the consequences are even more significant.

A Balanced Policy

I will say more later about the specific importance of the decision on the Saudi arms sales. But first I want to make some broader observations about this Administration's foreign policy. That is the purpose for which I was asked to come here today. Moreover, the specific issues of arms for Saudi Arabia cannot be judged in isolation from the other dimensions of American foreign policy.

When I came before this committee 9 months ago for confirmation hearings, I stated that this Administration was elected to office with a mandate for change in U.S. foreign policy. But change, even important and overdue change, must be balanced by the need for consistency.

Balancing the need for change with the need for consistency has been a central concern of this Administration. That is why we have confirmed the U.S. commitment to the two-track decision, agreed to in December 1979 by all the NATO allies, as the basis for developing the Reagan Administration's approach to TNF [theater nuclear force] arms control. That is why we have moved cautiously—despite our known reservations about where the SALT process has brought us—while we review ways to put strategic arms control negotiations on a sounder footing. And that concern for the consistency of U.S. policy has shaped our thinking on Namibia, on China, on the Middle East peace process, and on many other issues.

There is also another kind of balance that we must maintain, and that is balance among the different elements of our foreign policy. We cannot compensate for the neglect of one essential element by overemphasis on another. Single-purpose solutions to complex problems are often appealing but seldom correct. President Reagan's foreign policy is based on such a balanced and comprehensive strategy. The rebuilding of America's economic and military strength, the deepening of cooperation with our friends and allies, the promotion of peaceful progress in the developing countries, and our insistence on more responsible behavior by the Soviet Union are mutually reinforcing elements of an integrated strategy.

> *We cannot compensate for the neglect of one essential element by overemphasis on another. Single-purpose solutions to complex problems are often appealing but seldom correct. President Reagan's foreign policy is based on such a balanced and comprehensive strategy.*

This Administration recognizes, for example, that we cannot succeed in combating Cuban subversion in this hemisphere or in Africa, unless we address the fundamental conditions that the Cubans seek to exploit. We are doing that in our Caribbean Basin initiative; in our economic assistance to such critical countries as El Salvador, Jamaica, and Zimbabwe; and in our efforts to achieve independence for Namibia. At the same time, our policy recognizes that peaceful progress in the developing world will become impossible if we fail to impose effective restraints on the use of force by Cuba, Libya, and other Soviet proxies.

Middle East Challenge

Nowhere is the maintenance of balance among the different elements of our foreign policy more important than in the Middle East, that complex and unstable region in which we have so many important economic, political, strategic, and even spiritual interests. Let me cite just a few of the developments that challenge the United States.

- The oil fields in the Persian Gulf, so vital to the United States and our European and Japanese allies, are threatened by the military presence of the Soviet Union and its proxies in Afghanistan, South Yemen, Ethiopia, and Libya.
- The new entente between Libya, Ethiopia, and South Yemen—three of the Soviets' closest friends in the area—is one of the most recent of many threats to the security of our friends in the region.
- The Arab-Israeli dispute divides some of our closest friends.
- Iran, which once served as a buffer between the Soviet Union and the gulf and helped to maintain regional security, is torn by war and violence. The danger to Iran's independence and integrity poses a threat to U.S. security that would make Iran's own wanton assault on international order pale by comparison.
- Ancient poverty and sudden wealth, venerable tradition and modern progress, coexist uneasily.

American interests in the Middle East can be protected only by a strategy areas we've touched upon here, areas of political concern—Afghanistan; Kampuchea; Third World interventionisms, either directly or by proxy; trade; and a host of other bilateral relationships. As you know, I addressed this with some specificity in my recent speech in New Orleans [August 11, 1981]. I refer you to that because it is a pretty good road map on what we would intend to raise.

Q. Both the recent incidents involving shootings at American planes have taken place inside zones that those countries doing the shooting have claimed as their own, and which we have disputed. Does this Administration feel it is taking a harder line in pressing our disputing of their claims, or is this just a coincidence that it happens to have happened twice in the matter of a little more than a week?

A. I wouldn't give you an adjectival description of this Administration's policy other than to reiterate that we intend to meet our international obligations with respect to American rights abroad with respect to the provision of international law.

The United States as the leader of the free world has an obligation to be strong advocate of adherence to accepted rules of international law and international behavior. That is the policy of President Reagan, and it will be pursued. Whether you call that a hardening from the past, I leave to your judgments.

Q. As you know, in the past week or so, there has been a lot of discussion about strategic concepts, whether the ICBM [intercontinental ballistic missile] force is, in fact, vulnerable to a Soviet first strike—there was the article in *Strategic Review*.

There is also sentiment expressed by some people in the Pentagon that the MX in any foreseeable mode of deployment would not be survivable. I just wonder whether you see the inevitability that the ABM [antiballistic missile system] will have to be deployed to protect our missile force, or whether you have rethought any of the basic premises that you've had in your strategic policies.

A. As I said last Sunday [August 23] on "Issues and Answers," I've been very, very encouraged by the approach that Cap Weinberger and the Defense Department have taken to this issue of America's strategic weapons needs. It has involved the most comprehensive review, across the entire spectrum, of potential strategic needs. I must tell you also that in a large measure, there is a high level of consensus for the large majority of the proposals that have thus far crystalized.

The difficult area is, of course, strategic ballistic systems and their interrelationship with vulnerability. Let me say there is no system that America deploys that is invulnerable. All of our systems are vulnerable. The real question is the maintenance of a flexible, redundant, responsive, strategic American posture, one which includes land, sea, and air deployments; one which includes a mix of air-breathing and ballistic capability. Ballistic capability is extremely important, not only in war-fighting terms, with which we hope we will never have to be confronted, but most importantly in deterrent terms, in arms control terms, and also in crisis management terms.

All of these questions are under review. The President has not made his decision. He will very shortly, and I'm confident it will be a very astute balance of all these conflicting needs.

One must remember that the United States has been engaged in these reviews for over a decade; and in many instances we have deferred decision after decision, to the point where today we are facing a window of vulnerability in the decade of the 1980s.

I think it is very important—and that is why I am so pleased and encouraged by the Defense Department's approach to this situation—that we approach it comprehensively, as we are doing, and hopefully that we retain the essential ingredients that we have to.

Q. May I repeat one part of the question? Do you think we are inevitably moving toward the deployment of an ABM system that would require the abrogation of the ABM Treaty?

A. It is too early to say. There are a number of complications associated with it. But first and foremost, we have to know that it will provide the enhanced invulnerability, or I'll say enhanced protection. Nothing is invulnerable. But it will provide such kind of an enhancement. And we don't know that yet.

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[1] Press release 292. ■

Interview on "Good Morning, America"

Secretary Haig was interviewed on ABC-TV's "Good Morning, America" by David Hartman and Lynn Sherr on August 14, 1981.[1]

Q. It is reported this morning that Polish leaders are on their way to Moscow right now, and it has also been reported to us in the last 24 hours that the United States is concerned about the situation in Poland, and perhaps it is at its most dangerous point ever—low point. How dangerous is the situation there, and what can be done about it?

A. I think we had a situation in which the tensions associated with Polish reform have continued over an extended period, and I wouldn't necessarily say this is the most dangerous. I think the character of the tensions has changed somewhat. We now have some internal problems with the union, Solidarity, and the government at odds from time to time over the nature of reforms. This is being complicated by severe food shortages and by distribution problems with respect to existing food commodities.

Q. Do we for one moment believe that, indeed, it is a short working visit and these are routine talks as has been reported?

A. I think these are never routine talks. I think clearly the government officials in Poland are hopeful to continue on in a manner in which they can determine the outcome of events without external advice or intervention from the Soviet leadership.

Q. As former NATO commander, what do you make of their decision—the Soviets—to move up these military maneuvers on the Polish border which has just been announced?

A. I think these are thus far normal, and they have gone through the proper notification procedures under the CSCE [Conference on Security and Cooperation in Europe] provisions. In other words, they have informed the

West that there will be maneuvers in excess of 25,000 and this is essentially normal and is not a source of increased alert on our part at this juncture.

Q. You sound particularly cautious in responding to these questions on Poland. Are you doing this purposely because the United States should not get involved in this right now?

A. I think that has always been the case. In the past we have been concerned on occasion by Soviet readiness measures, and on those occasions, we've felt free and, in fact, obligated to comment, sometimes vigorously. On this occasion, the problems are internal, and we hope that both the unions and the government will work out their differences and without further erosion of the situation internally in Poland.

Q. I wonder if we could turn to the situation in the Middle East for just a minute. At the meeting yesterday with the Israel Ambassador, will the F-15s and F-16s be sent to Israel and when?

A. I think the meeting yesterday confirmed what the President had himself announced yesterday. That is that he anticipates making a decision early next week, and I think that decision will be made early next week. The fact that it hasn't been made yet means that value judgments on what it will be would be premature.

Q. Mr. Brzezinski, former NSC [National Security Council] head, has said recently—this week—that we ought to start talking to the PLO [Palestine Liberation Organization]. What do you think of that comment?

A. I think we've all been very clear, especially during President Sadat's visit—when this issue surfaced once again—that we know and the PLO knows what the requirements are for either recognition or participation in the peace process and that recognition on their part of Israel's right to exist and acceptance of the provisions of U.N. Resolutions 242 and 338. And I think it's important that Americans understand that when the United States makes such a commitment, whether it be with the State of Israel or with our Arab friends, that we not treat these commitments lightly, and we don't pretend to.

Q. Turning to the decision to produce neutron weapons, the Soviets this week have been criticizing the decision. They've suggested that it is provocative, that if we are really interested in arms reduction that we wouldn't have done this, and that they might now consider producing weapons of their own. How do you respond to their criticism?

A. I respond to them simply as a reflection of ongoing Soviet propaganda. During my time in Europe as NATO commander when this neutron issue first surfaced under President Carter about 1977 or 1978, as the President pointed out yesterday, the Soviets expended $100 million in purely propaganda purposes. I recall their awarding their Ambassador in the Netherlands a very high award for his accomplishments in defeating the efforts at that time to produce and deploy. On this occasion, as you know, we are not deploying the system, merely carrying out the mandate of the Congress and the FY 1981 Department of Energy funding bill which will now assemble the components which have been under production for some time now.

Q. With the neutron bomb decision and some other things, there has been, as you obviously know, talk of a crisis of confidence in Europe about this country. We have perhaps been looking like the bad guys. Are we going to continue to look that way? Is there any kind of new peace offensive that will be coming out of this country?

A. I don't think it is true that we are facing a crisis of confidence in Europe at all. I think we do have a situation in which Europe is going through stresses and strains—especially economic in character—but beyond that, there is an antinuclear wave of emotion which we've seen in the past. I don't think this represents a crisis of confidence as such.

And it's also true that some of our European friends have been somewhat disturbed by the American rhetoric which has been more anti-Soviet than they've been accustomed to. But, I've always said deep in their hearts, they go to bed at night and say, thank God, America is willing and ready to lead again to provide the kind of protection they have come to expect from us over some 35 years of association. I don't see this, and I don't predict a peace offensive from the United States. I think we've laid out clearly our requirements with respect to our relationships with the Soviet Union—that is that we expect the Soviet Union to join with us in a sense of reciprocity and, above all, to manifest greater restraint in their international conduct. One can only look at lessons of history as we see Afghanistans, Kampucheas, Soviet intervention in Africa through Cuban proxies, in Angola, Ethiopia, Southern Yemen.

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[1] Press release 279. ■

theater nuclear forces; and the continued development of their already extensive strategic air defenses.

The United States failed to respond adequately to the Soviet build-up, partly because we placed excessive faith in arms control as a solution for our strategic problems. As a result, two legs of our strategic triad are now threatened—the survivability of American ICBMs to a Soviet first-strike is in question and bomber penetration of the Soviet Union will be assured only by a vigorous U.S. modernization effort. In addition, large-scale Soviet SS-20 deployments threaten Europe and the Far East and, if unanswered, would increase the hazards to NATO of resistance to Soviet aggression. The Soviets now lead the United States in important measures of strategic strength—leads which translate into coercive power through perceptions of U.S. weakness.

The Soviet strategic buildup is aimed not at strategic stability but at strategic instability. Soviet strategic programs are designed to threaten the survivability of our strategic forces. This emphasis in Soviet military doctrine and action is in itself a repudiation of the doctrine of mutual assured destruction, which many Americans thought both sides had adopted in 1972. The Soviet lead in heavy and accurate ICBMs, capable of destroying a large part of our nuclear ICBM force in a first strike, undermines the basis for reciprocal restraint in a crisis. Such a situation is a recipe for nuclear blackmail. It is no accident that one now hears discussion of such disturbing options as launch-on-warning of missile attack.

What are the broader effects of this buildup and of the delayed U.S. response to it? I believe the Soviet strategic buildup operates on three levels.

First, on a day-to-day basis, the Soviet drumbeat acts on the collective psyche of the United States and its friends and allies. There is great fear abroad, not only of nuclear war but of American inadequacies and, ultimately, of abandonment by the United States. That fear cannot be diminished if the Soviets run while we continue to walk.

Second, the Soviets may feel emboldened to undertake conventional aggression, like their invasion of Afghanistan, secure in the belief that their strategic forces can checkmate ours. Certainly Soviet behavior in recent years suggests that their pursuit of strategic instability has had its predictable consequences—unprecedented risk-taking and aggression in conventional and covert conflict. Given the global nature of our foreign policy interests, and local Soviet conventional superiority in certain areas, strategic instability is a very dangerous condition. It matters little, after all, if the Soviets turn out to be wrong about the American response to nuclear blackmail; a devastating conflict could result just the same.

Third, the Soviets have had little incentive to negotiate serious arms reductions. They view the SALT process as having been enormously successful—at least in the short-term.

Posture Toward Negotiations

The situation as I have described it has not developed suddenly but has grown day by day throughout the SALT period. Neither the SALT II Treaty nor cosmetic amendments to it would have changed the situation. Somewhere along the way we lost our bearings and forgot what we wanted from arms control. Not only did we accept greater threats to our forces, but we agreed to ceilings and definitions that would permit the Soviets far greater capabilities against us than now exist. We settled for superficial limitations while the threat grew by leaps and bounds.

. . . the linkage we seek between Soviet behavior and arms control should not be merely a transitory or isolated Soviet action . . . but the restoration of world order sustained by deterrence.

In this situation, what is our posture toward arms control negotiations? Obviously, the profound changes in the strategic environment since 1972 require the United States to review the arms control policies which have failed and to devise new ones better adapted to the world as it is. That process of review is now going on throughout the executive branch, under forced draft. Some of the issues are complex. We are working on new measures of destructive power to replace deployed launchers as the counting unit of the new agreements, trying to solve the riddle of verification, and tackling a number of other fundamental problems. A review of this character takes time. I can assure you that I am doing everything I can to speed it along.

At the same time, the President and Congress together are making the decisions to restore our deterrent capability, both nuclear and conventional. These decisions are indispensable in themselves from the point of view of security. Moreover, fair and balanced arms control agreements would be inconceivable without them.

I might add a word here on the much-mooted subject of "linkage." President Reagan has not laid down particular criteria of Soviet behavior as a precondition for negotiations. He has instructed us to approach arms control only as a vital problem in foreign policy and national security, through which we and the Soviet Union might jointly stabilize our relations and contribute to the restoration of world public order. In his Foreign Policy Association speech, Secretary Haig pointed out that certain forms of Soviet behavior directly affect the possiblity for success in arms control. For example, in 1968, when I last was in the government, the Soviet Union invaded Czechoslovakia, and President Johnson cancelled a trip to Moscow to discuss strategic arms limitation, among other things. Under the circumstances, it would have been unthinkable for the President to go. As Secretary Haig remarked, this kind of linkage is a fact of life. That problem aside, the linkage we seek between Soviet behavior and arms control should not be merely a transitory or isolated Soviet action—the sight of a dove on the troubled waters or the visits of Russian ballet companies to American cities—but the restoration of world order sustained by deterrence. The process of seeking arms control agreements could and should play a positive part in that effort.

No arms control agreement can contribute to the goal of a peaceful world unless we have confidence that the Soviet Union is abiding by its terms. We must insure that arms control limitations are verifiable. The problem of verification is fundamental to meaningful progress on arms control. Reciprocal restraints can only be induced if each party has confidence that the other is, indeed, reciprocating. But the scale and complexity of the Soviet nuclear arsenal and the changing technology of nuclear weapons are pushing us to the limits of national technical means of verification. The Soviet leadership must understand that their secrecy about weapons production and deployment is counterproductive. The cat and mouse game must end. The Soviet Union is now our equal—at least—in military strength. If they cannot be more forthcoming given the present "correlation of forces," it is difficult to imagine what level of military superiority would be required to induce more cooperation. We are considering the possibility of early discussions with the Soviets on general principles of behavior in arms control verification and compliance matters. These would not be negotiations but talks looking to agreements further down the line, perhaps as part of the START agreements. And we have undertaken a fundamental review of the technical aspects of verification, monitoring, and compliance in relation to existing and prospective arms control agreements.

At this stage, I can offer two principles which will guide our thinking on verification.

First, we shall not confine ourselves to negotiating only about aspects of the problem which can be detected by national technical means. We shall begin by devising substantive limitations that are strategically significant and then construct the set of measures necessary to insure verifiability. These may well include procedures of cooperation between the United States and the Soviet Union, such as detailed data exchanges and provisions to enhance our confidence in data obtained by national technical means.

Second, we shall seek verification provisions which not only insure that actual threats to our security resulting from possible violations can be detected in a timely manner but also limit the likelihood of ambiguous situations developing. Ambiguity can never be eliminated entirely. But we shall do our best to keep it to a minimum. Ambiguous provisions result in compliance questions and compliance questions, even if ultimately resolved, strain the atmosphere for arms control negotiations.

Given the importance of verification for the viability of arms control across the board, Soviet willingness to consider cooperative measures to improve the verifiability of specific limitations may be a litmus test of their commitment to serious limitations.

An important element of our review of U.S. arms control policy will be to set priorities among our objectives so that specific approaches and goals for the next agreement can be devised.

We shall be analyzing several arms control issues in the months ahead, using these principles as our guideposts. On theater nuclear forces, the substantive position we are developing is consistent with our requirements. It is important to move ahead quickly in order to meet the threat of Soviet Backfires and SS-20s.

In SALT—or should I say START—the weapons systems necessarily covered are more varied, the technical issues associated with them are more complex, and there is a close relationship between our arms control posture and weapons procurement decisions not yet made, such as the MX and a new strategic bomber. I continue to hope and expect that our preliminary discussions with the Soviets will culminate in negotiations by early next spring.

But, in my view, there is little to be gained and much to be lost by haste in this area. We ought neither to rush to the table nor rush to an agreement. Once talks begin, we must be prepared to negotiate persistently and patiently and not raise expectations of rapid progress.

I should note other arms control areas in which study is underway within ACDA and the government as a whole.

- The Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty have been signed—but not ratified—for 7 and 5 years, respectively. While all options are being considered, I personally believe we should either request the advice and consent of the Senate to ratify these agreements or return to the negotiating table soon if some changes are deemed necessary. I believe there is merit in these treaties and that we should move forward on them.
- The Antiballistic Missile Treaty review is scheduled for 1982. We will be taking a particularly close look at the agreement in light of the ICBM basing mode decision when it is reached. I should urge caution, however, on those who favor a precipitous withdrawal from the agreement.
- Antisatellite arms control is also under review. There were three rounds of negotiations in the previous Administration, and some progress was made toward an agreement. We are reviewing the net effects of an antisatellite arms agreement and studying the verification questions in this complex and novel field.

Spread of Nuclear Weapons

The underlying basis of our nonproliferation policy cannot be different from that in other areas of our foreign policy. Our watchwords are, again, stability and reciprocal restraint in the peaceful pursuit of world public order. The President's statement on nonproliferation, issued on July 16, makes this clear.

First, as the President said, we must attempt to address the underlying motivations which are driving a number of nations to consider acquiring nuclear explosives. Regional instabilities and the general deterioration of the international environment have contributed significantly to the insecurities that lead states to flirt with the nuclear explosives option. Unless we, our allies, and other nations move decisively to restore world public order, both generally and regionally, there is little or no chance over the long run to prevent nuclear proliferation on a large scale. In this context, we are examining the possibilities of encouraging the negotiation of a treaty which would make the Middle East a nuclear weapons free zone. It seems to have a great deal of promise, and we are giving it a high priority on our agenda.

Second, there must be international norms and guidelines that can provide reasonable assurance that countries are not acquiring nuclear explosives and that nuclear programs are not being used for such purposes. While these safeguards can never be perfect and will always need improvement, they deter most nations from seriously considering the nuclear weapons option and give us early warning of developments in the other direction. We must move vigorously in this area. Without such a regime, the possibility of proliferation will undermine U.S. efforts to restore regional or international stability. In this regard, the President declared support for the NPT, the treaty of Tlatelolco, and strengthened International Atomic Energy Agency safeguards. In addition, the principal nuclear-supplier nations must further improve cooperation in restraining commercial exports—with expansion of trade. World trade expanded fivefold between 1970 and 1980, while OECD [Organization for Economic Cooperation and Development] exports as a share of GNP rose from 10.7% to 16%. By 1979 the average tariff levels in the developed countries had fallen to 10.6%. The cuts agreed to in the Tokyo Round of multilateral trade negotiations will further reduce tariff levels to 4.5%.

We need to continue this expansion of trade which has contributed so much to our prosperity and added stability to the international environment. Last week, Ambassador Brock [William E. Brock, U.S. Trade Representative] presented to the Senate Banking and Finance Committees a comprehensive Administration policy statement outlining our approach to trade. The approach emphasizes that it remains important to strengthen the institutions which have served us well in the trade field principally GATT. We will be facing a number of new challenges, however.

U.S. trade with the Soviet Union and Eastern Europe has expanded considerably during the 1970s, with these countries providing significant markets particularly for U.S. agricultural products. Our exports of wheat and coarse grains to the U.S.S.R. in 1979–80 came to 15.2 million tons. While we recognize the important contribution these exports have made to the U.S. economy, we cannot view economic exchanges in isolation. This Administration is determined to insure that economic relations with the East are consistent with broad U.S. political and strategic objectives.

On the other hand, we recognize that continued economic ties between these countries and the United States and the rest of the world can be in our interest, particularly to the extent that these ties serve to reinforce the East's stake in the orderly functioning of the world economy and to encourage them to engage in responsible international behavior. For both economic and political reasons, therefore, this Administration intends to maintain a prudent level of economic relations with due regard for security interests and for the differences between our market-oriented economy and their centrally planned systems.

- We need to balance our desire to increase exports against our other interests, including the need to avoid having U.S. exports contribute to the military potential of the recipient country.

Major Developing Country Trading Partners of U.S., 1980

($ billion)

	U.S. Imports	U.S. Exports
Brazil	3.7	4.3
Hong Kong	4.7	2.7
Israel	.9	2.0
Korea	4.1	4.7
Mexico	12.5	15.1
Nigeria	10.9	1.1
Saudi Arabia	12.5	5.8
Singapore	1.9	3.0
Taiwan	6.9	4.3
Venezuela	5.3	4.6
TOTAL	**63.4**	**47.6**

Source: U.S. Department of Commerce, *Highlights of U.S. Import and Export Trade*, December 1980

- The United States cannot have an effective policy on trade with these countries unless our policy is in harmony with that of our major trading partners. We need to achieve a common perception of the balance between security and commercial interests for the Western allies as a whole.
- The problems of fair trade are peculiarly difficult to deal with in the case of countries which do not apply market pricing principles within their own economies. The concepts of dumping and subsidies have no place in their system, but the U.S. Government must deal with them as they impact trade in the United States.
- In the trade field as in the political sphere, there are important differences among the East European countries. Some are more open to international trade than others; some have moved toward instituting a genuine pricing system and effective tariffs; four are members of the GATT. In addition, they are at differing levels of economic development. This Administration will make every effort where possible to tailor our approach to the individual country.

Our trade with other countries is less likely to raise security issues but is of crucial importance nonetheless. We are concerned that trade be conducted according to mutually agreed "rules of the game." One of the major accomplishments of the Tokyo Round was to make a start at dealing with the nontariff barriers which, in an era of relatively low duties, act as the major impediment to international trade. The "codes" agreed to during these negotiations are being put into effect. We need to make them work as effectively as possible and to develop greater international discipline and a body of case law in such key fields as the use of export subsidies, dumping, and international bidding for government procurement.

In addition, a number of areas important to U.S. trade have hitherto not been the subject of much international discipline. Trade in services and the potential trade distortions from the investment performance criteria and incentives adopted by a number of countries are but two examples that come to mind. Trade in services is one of the most dynamic components in our economy. Our 1979 export receipts in this area totaled more than $76 billion. That is almost a fourfold increase over the 1971 level of $19.1 billion. Services account for 27% of U.S. exports and employ 70% of the nonagricultural U.S. work force.

In both areas we need to develop an international consensus which will facilitate trade and discourage back-door means of protectionism.

The emergence of China as an important actor in the world trade arena poses challenges and opportunities for U.S. businessmen and policymakers, as well as for the world trading system as a whole. China's exports increased from $8 billion in 1977 to over $13.5 billion in 1979. China's imports over the same period grew even more rapidly from $6.6 billion to $14.7 billion.

Another challenge we must meet stems from the increasingly important role of the developing countries in world trade. Our trade with the developing countries has expanded rapidly over the past decade: imports by 25% per year, exports by 18% per year, compared with 15% increases in trade with the developed countries. The less developed countries as a group account for 37% of our exports and 47% of our imports and they are now a more important trading partner for the United States than the European Community, Canada, or Japan. Within this group, a small number of countries often referred to as the "newly industrializing countries" (Mexico, Brazil, Singapore, Hong Kong, Taiwan, Korea, and Israel) accounts for over half of trade between the United States and non-oil less developed countries (LDCs). The United States needs to respond to their competition in a way which will encourage world prosperity and will increase the stake these countries have in an orderly world trading system. Given their importance as an export market, maintaining an open U.S. market is essential to our export expansion strategy as well. This Administration will be encouraging the developing countries generally and the more advanced, in particular, to take on the disciplines of the international trading system.

The other non-oil developing countries urgently need to increase their exports in order to finance increasingly expensive imports. Export earnings are a more significant source of development finance than aid, both in terms of the amount of money involved and by virtue of the economic efficiency which a successful export industry represents. Although U.S. aid totaled $4.7 billion in 1979, in that year U.S. imports from LDCs totaled $92.5 billion and nearly half of this—$43.7 billion—came from the non-OPEC [Organization of Petroleum Exporting Countries] LDCs. Keeping our market open to the exports of developing countries and providing the very modest degree of incentive embodied in our generalized system of preferences scheme are integral parts of our broader policy with respect to these countries.

Although my main theme today is the "foreign" aspects of foreign economic policy, I cannot leave the subject of trade without a word about the competitiveness of U.S. industry. U.S. efforts to continue the progress made so far in developing a more orderly trading system and to respond to the new challenge of the developing countries will ultimately fail unless they are backed by a vigorous U.S. economy. In our response to the difficulties caused by import competition in sensitive sectors, we need to insure that we encourage economic efficiency rather than reward weakness. Adjustment assistance and safeguard measures can ease the problems firms and workers face as our economy adapts to new circumstances, but we will be relying primarily on market forces to bring about the necessary adjustment.

On the export side, the overall health of the economy, once again, will be the key factor in determining how well our products do. The amount and effectiveness of investment, our ability to control inflation, and the growth in productivity are all crucial.

The Administration is also reviewing various aspects of U.S. law and policy which have had the unintended side effect of discouraging exports, such as the Foreign Corrupt Practices Act and the operation of our export controls. The Administration is also working internationally to reduce barriers to U.S. goods.

International Finance and Investment

In an increasingly interdependent world, the smooth operation of the financial system is a vital prerequisite to increasing world trade, and both are equally essential to prosperity. The 1979–80 oil price increase resulted in an OPEC current account surplus of about $120 billion last year, nearly double the 1979 level. The counterpart to this enormous surplus was a $47 billion deficit among the non-oil developing countries. Whether OPEC's surpluses will remain a "sword of Damocles" hanging over the international financial system depends considerably on the future path of oil prices and on the ability of deficit countries to use the current lull in rising energy costs to implement the structural reform of their economies necessary to right their external accounts.

It is expected that the OPEC surplus and the industrialized countries' deficit will moderate this year to about $100 and $20 billion respectively. The industrialized countries should be able to finance their deficits with little trouble. For the most part, these countries are following slow growth and anti-inflationary policies and thus adjusting to the higher relative costs of oil.

U.S. Trade With Developing Countries, 1980

($ billion and percent)

	U.S. Imports	U.S. Exports
World TOTAL	241.2 (100)	220.7 (100)
Developing Countries SUBTOTAL	114.4 (47)	82.3 (37)
OPEC	52.1 (21)	17.8 (8)
Non-oil Exporters	62.3 (26)	64.5 (29)

Source: U.S. Department of Commerce, *Highlights of U.S. Import and Export Trade*, December 1980

The non-oil LDCs' combined current account deficit is likely to rise somewhat, to upward of $95 billion. We do not expect this to cause a generalized debt problem. However, those countries that do not move to implement sound economic policies will find access to external finance more limited and more costly than previously.

The international financial system can ill afford a repetition of the policies of the mid-1970s when many countries tried to finance growth through domestic credit expansion and external borrowing. Even with a lull in the rising price of energy and the possibility that OPEC's surplus will dwindle rapidly, 1981 is quite different from 1973–75. Many countries already have incurred considerable new debt, and a larger proportion is on commercial terms. Interest rates are higher both in nominal and real terms. Thus, those countries dependent on external finance from commercial sources must run that much faster just to be able to service a given level of debt. Debt service now absorbs 20% of these countries' export earnings, up from 13% in the mid-1970s.

The private markets are quite liquid and the supply of funds to creditworthy countries is unlikely to be a problem. However, many banks are reaching their own external limits on exposure, and they will be increasingly selective in adding new exposure.

It is essential that we begin to explore longer term solutions to the recycling problem. Private banks will undoubtedly continue to play the predominant role in the recycling process. However, the International Monetary Fund (IMF), through access to its own resources and its influence on the judgments of the private market, will play a more pivotal role in countries with balance-of-payments problems.

To do so, the IMF has been given more flexibility. Resources available from the IMF have been increased and the terms of repayment extended in some cases in recognition of the longer periods required to implement effective adjustment programs under current international economic conditions. The guidelines for conditionality—domestic programs required of borrowers under IMF programs—have been modified to take more explicit account of the begin to attack the problems and advance toward a just, fair and lasting resolution of the Cyprus question.

Sincerely,

Ronald Reagan

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[1] Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of July 27, 1981. ■

10th Anniversary of the Quadripartite Agreement

DEPARTMENT STATEMENT, SEPT. 3, 1981[1]

We wish to draw your attention to the fact that today is the 10th anniversary of the signing of the Quadripartite Agreement on Berlin of September 3, 1971. It is with satisfaction that we note the beneficial effects which this agreement has had for stabilizing the situation in and around Berlin.

The Quadripartite Agreement recognized and reaffirmed Four Power rights and responsibilities for the city and, in particular, confirmed the important legal basis for defense by the Western allies of the freedom of the Western sectors of Berlin; it agreed to the maintenance and development of ties between Berlin and the Federal Republic of Germany; it brought about 10 years of stability and relative peace to Berlin; and it made possible the alleviation of many of the human divisions which have resulted from the unusual situation in Berlin, the Federal Republic of Germany, and the German Democratic Republic, particularly through its provisions on the facilitation of travel, visits, and communications. On this point we would note that there is ample room for further progress. We were especially disappointed by last year's increase in the minimum exchange requirements affecting visitors traveling to both East Berlin and the German Democratic Republic.

The United States is fully committed to the strict observance and full implementation of the Quadripartite Agreement and will continue to make its contribution to the maintenance of peace and calm in Berlin.

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[1] Read to news correspondents by Department spokesman Dean Fischer. ■

U.S. Proposes Air Defense Package for Saudi Arabia

Following are President Reagan's letter to the Congress of August 5, 1981, a statement by Under Secretary for Security Assistance, Science, and Technology James L. Buckley of August 24, and a background paper on the defense enhancement package made available to the press by the Department of State on August 24.

LETTER TO THE CONGRESS, AUG. 5, 1981[1]

One of the essential elements of the Administration's Southwest Asia strategy will come before Congress for review in the near future. It is to provide Saudi Arabia with a package of equipment and training to improve its air defense capabilities. The package will include five E3A AWACS aircraft as well as enhancements for the F-15 aircraft which we have agreed to provide.

I am convinced that providing Saudi Arabia with this equipment will improve the security of our friends, strengthen our own posture in the region, and make it clear both to local governments and to the Soviet leadership that the United States is determined to assist in preserving security and stability in Southwest Asia.

We have not previously submitted this package to the Congress, although it was decided upon in principle some time ago, for two reasons: the priority we needed to place on securing passage of our economic program, and the necessity of working out a set of understandings with the Saudi leadership which will ensure that the equipment provided will be employed to our mutual benefit and that the U.S. technology and systems involved will be fully protected.

I am aware that information from a variety of sources has been circulating on Capitol Hill regarding this sale and that many Members have been under some pressure to take an early position against it. I hope that no one will prejudge our proposal before it is presented. We will make a strong case to the Congress that it is in the interest of our country, the Western Alliance and stability in the Middle East. Meanwhile, as the Congress prepares for its August recess, I would appreciate your support and assistance in urging that Members do not prejudge this important issue until they have had the opportunity to hear the Administration's views.

Sincerely,

Ronald Reagan

UNDER SECRETARY BUCKLEY, AUG. 24, 1981

Today we advised the Congress of our decision to sell certain air defense equipment to Saudi Arabia. This proposed sale is a cornerstone of the President's policy to strengthen the strategic environment of the Middle East. As such it is an earnest of our commitment and determination to defend the area.

We confront a very dangerous situation in the Persian Gulf today. The Soviet invasion of Afghanistan, the Iranian revolution, the Iraq-Iran war, and an increased Soviet influence in Ethiopia and South Yemen are all indicative of the growing threat to U.S. and Western interests that is posed by the Soviet Union and its proxies. The President and this Administration are determined to reverse this dangerous trend, to protect interests vital to the United States and its friends, and to work with countries in the area to enhance regional security.

We are convinced that providing Saudi Arabia with the proposed equipment will not only help it meet its own legitimate needs but will strengthen our own posture in the region and make it clear to both local governments and to the Soviet leadership that the United States is committed to assist in preserving security and stability in Southwest Asia.

We recognize that the Israeli Government has expressed concern about Saudi acquisition of this equipment. Let me reaffirm that this Administration remains committed to the security of Israel and will insure that Israel maintains its substantial military advantage over potential adversaries. In short we will not allow the regional balance of forces to be affected by the sale.

By the same token, the restoration of U.S. strength and credibility in the region and progress in resolving regional disputes offer the best long-term guarantee of security to Israel as well as to other states in the area wishing to remain free of Soviet pressure. The items we propose to sell to Saudi Arabia will significantly

U.S. AIR FORCE

(U.S. Air Force photo)

E-3A aircraft with airborne warning and control system (AWACS) rotating rotodome.

improve its defense capabilities and contribute significantly to the pursuit of U.S. strategic goals.

The President believes that this sale is essential to the protection of vital U.S. interests. The arrangements under which it will be made will enhance the security of all friendly states without jeopardizing the interests of any one of them.

For your information, although we have today provided the Hill with information about the proposed sale, the 20-day informal notification period will not begin running until the Congress' return on September 9. We expect to file formal notification on September 30, which means that congressional action must be taken by October 30.

BACKGROUND PAPER, AUG. 24, 1981

The proposed Royal Saudi Air Force (RSAF) enhancement package consists of 101 ship-sets of F-15 conformal fuel tanks (CFTs), 1,177 AIM-9L Sidewinder missiles, 6 KC-707 aerial refueling aircraft (with an option for two more), and 5 E-3A airborne warning and control system (AWACS) aircraft, all with associated spares, support and training, and related ground equipment. The total cost of the package is $8.5 billion.

The proposed sale to Saudi Arabia improves Saudi early warning and air defense against attacks on Saudi Arabia, particularly on Saudi oil facilities critical to the United States and its Western allies, as well as to the future prosperity of Saudi Arabia itself. Thus, the sale responds to the legitimate security requirements of a country that is central to the success of our regional security strategy. The sale will also serve our broader strategic interests, enhancing gulf security by laying the groundwork for greater overall U.S.-Saudi defense cooperation and for a more effective gulf air defense network. Finally, it will demonstrate our reliability as a security partner, help rebuild confidence in the United States as an arbiter of regional tensions, and increase Saudi willingness to work with us to achieve a durable Middle East peace.

The proposed package must be measured against four primary U.S. objectives for the region:

- Continuation of stable and secure access to regional oil;
- Prevention of the spread of Soviet influence;
- Security of friendly states in the region, including Israel; and
- Demonstration of our constancy and resolve in supporting overall regional security.

U.S. policy must respond to events of the past several years which have adversely affected America's interests. These events include:

- The fall of the Shah and the resulting instability in Iran;
- The Iran-Iraq war, which demonstrated the willingness of regional adversaries to attack each other's oil facilities;
- The upgrading of Soviet power projection capabilities, a growing Soviet naval presence in the Indian Ocean, and increased Soviet military presence in the region (e.g., Afghanistan, South Yemen, Ethiopia, Syria, and Libya);
- The availability and the active use of Soviet proxies in local conflicts and in support of Soviet clients; and
- The Soviet willingness to use their own forces directly, as they have done in Afghanistan.

In this environment, Saudi Arabia finds itself threatened from a variety of sources. These threats are worsened by the Saudi recognition of its own limited military capability to defend its vast and coveted petroleum resources. As the anti-Communist leader of the conservative gulf states and as the largest oil producer in the Persian Gulf, Saudi Arabia is vulnerable to military threats arising out of the Iran-Iraq conflict, from radical states in the area, and especially from Soviet or Soviet-inspired direct and indirect military action.

In response to these threats, the proposed air defense package makes a major contribution to Saudi security and to our vital regional security objectives.

AIM–9L Missile

The AIM–9L is a short range, air-to-air infrared (heat-seeking) missile. It incorporates an all-aspect guidance and control system which allows head-on attack. The major improvements of the AIM–9L over the AIM–9P, currently possessed by the Saudis, include improved seeker, providing all aspect and better look down capabilities; increased maneuverabilty; and improved warhead lethality.

Availability. Currently in production.

- U.S. deployment date: currently in active inventory.
- U.S. initial operational capability date: both U.S. Air Force and U.S. Navy have current capability.
- U.S. quantity on hand: approximately 4,000 (U.S. Air Force and U.S. Navy inventories).
- Production availability: 30 months.
- Estimated unit cost: $98,000 (does not include spares, support, training, etc.).
- Other purchasers: Israel, U.K., Germany, Norway, Italy, Japan, Australia, and Greece.

Anticipated Deployment Locations. Dhahran, Taif, and Khamis Mushayt.
Quantity Required. 1,177.
Estimated Additional Manpower Requirements. Nine contractor personnel based on increased stockpile requirements.
Estimated Additional Training Requirements. Minimal aircrew and ground handling/load crew training procedural changes from AIM–9P–3.
Estimated Program Cost. $200 million.

that neglects neither regional complexities nor the threat of external intervention. As I explained in April during my visits to Cairo, Jerusalem, Amman, and Riyadh, the United States regards the peace process and the effort to counter Soviet and regional threats as mutually reinforcing. If our friends are more secure, they will be more able to take risks for peace. If there is progress in the peace process, security cooperation will be facilitated—cooperation that is essential to deter intervention by the Soviet Union and its proxies.

We support Israel and Egypt, not only as security partners but as partners in the historic peace process that they themselves began. In his discussions with Prime Minister Begin last week, as in his earlier discussion with President Sadat, President Reagan made clear the U.S. interest in the peace process and our commitment to the Camp David accords. The participation of U.S. troops in a Sinai peacekeeping force is one measure of our determination to see peace succeed. Phil Habib's efforts as the President's personal emissary to defuse the crisis in Lebanon constitute another. We are pleased that Egypt and Israel have agreed to resume the autonomy talks, now scheduled to start in Egypt on September 23-24.

We welcome the restraint that Israel has shown, under difficult circumstances, making it possible for Ambassador Habib to negotiate a cessation of hostilities on the Israeli-Lebanon border. We welcome the good offices provided by Saudi Arabia that facilitated his task. We hope that violence on that front can be avoided. We look forward to rapid movement in the autonomy negotiations. And we shall work diligently to restore stability to Lebanon.

However, even the most rapid possible progress on the Arab-Israeli dispute would not do away with the many other conflicts in the Middle East such as the Iran-Iraq war, the tension between the two Yemens, or possible anarchy in Iran. And we would not have removed the threat of intervention by the Soviet Union or its proxies in these conflicts.

Our ability to protect our friends from the insecurity that these conflicts produce will make them bolder in the peace process. It is also essential to protect vital U.S. interests.

Although we are building up U.S. military capabilities so that we can better contribute to the security of the region, the use of U.S. military force can only be considered as a last resort. And to deter major Soviet threats, for which the U.S. role is indispensable, we also need the help of our friends, both in the region and outside it, whose interests are engaged by the threat to Middle East security.

That is the reason why we are pursuing intensified strategic cooperation with Israel, Egypt, Saudi Arabia, and many other concerned countries. The form and content of our cooperation is different in each case. We are sensitive to both the political and military limitation on the contributions that different countries can usefully make. We are not seeking to construct formal alliances or a massive structure of U.S. bases. We *are* pursuing a sophisticated strategy, one guided as well by a sense of urgency.

Our broad strategic view of the Middle East recognizes the intimate connections between that region and adjacent areas: Afghanistan and South Asia, northern Africa and the Horn, and the Mediterranean and the Indian Ocean. We recognize that instability in Iran or other areas in the region can influence the prospects for peace between Israel and its neighbors.

Success will, therefore, require a very broad effort. We are working with our European allies for a strong Turkey, not only to strengthen the security of NATO's southern flank but also because Turkey is a strategic bridge between Europe and Southwest Asia. We are assisting Tunisia, the Sudan, and others that are targets of Qadhafi's expansionism. And our renewed cooperation with Pakistan reflects not only our concern over turmoil in Iran and aggression in Afghanistan but our appreciation of the role a secure Pakistan can play in promoting regional stability.

Saudi Security

Our proposals to enhance the security of Saudi Arabia are a key element in our Middle East policy. The proposed arms sales will increase the Saudis' ability to defend themselves against local threats; they will directly assist U.S. forces deployed in the region, just as U.S. AWACS [airborne warning and control system] do now; and they demonstrate our commitment to assist the Saudis against even greater dangers. Our friendship with Saudi Arabia is not based solely on its role as an oil supplier. Saudi Arabia is proving itself an essential partner in our broader interests. Saudi assistance has been important in the past to states that broke away from the Soviet embrace. Saudi Arabia has provided important assistance to moderate states such as Sudan and Pakistan, and, indeed, more will be required. It has played an essential diplomatic role in negotiating the recent cease-fire in Lebanon. It has played a key leadership role in the newly formed Gulf Cooperation Council. We expect Saudi cooperation in fostering peace and stability to broaden as the Saudis feel themselves more secure.

Security cooperation is not a commodity to be sold or haggled over; it is a process that must be based on mutual confidence and mutual security interests. The question is whether the necessary basis of cooperation can survive if the seriousness of our commitment to Saudi Arabia's security is compromised. To deny Saudi Arabia this basic means of self-defense is to deny it the sovereign status and respect essential to an enduring partnership.

Some suggest that there can be no security cooperation as long as there are deep divisions on other issues. There is no question that we have differences with Saudi Arabia on the peace process, just as we have differences with Israel and Egypt on other issues. But American diplomacy in the Middle East has long been based on the need to work effectively with countries divided by deep differences.

That is a difficult role to play; but it is the reason that the United States has played a uniquely positive role in the Middle East, a role that has not only served American interests but the interests of the moderate countries in the region and our European and Asian allies as well. It is an approach that emphasizes common concerns and seeks remedies to common problems.

Our approach to Saudi Arabia has been shaped by the profound insecurity caused by events of the last 5 years, particularly the fall of the Shah. It has been influenced by discussions conducted by the previous Administration with the Saudis and by previous U.S. actions, including the deployment of AWACS aircraft to Saudi Arabia during the Yemen crisis of 1979 and again during the Iran-Iraq war.

Our approach has also been shaped, however, by an appreciation of Israeli concerns over the proposed Saudi package. We are taking steps to alleviate these concerns. We are determined to maintain the qualitative edge that is vital to Israel's security. A stable regional balance, moreover, enhances deterrence against Soviet moves.

Our discussions last week with Prime Minister Begin enhanced each side's understanding of the other's position on this and other issues. We are wholeheartedly and permanently committed to the security of Israel. Without a strong Israel, our hope to improve the prospects for peace and security in the region cannot be fulfilled. A secure Saudi Arabia and a strong U.S.-Saudi relationship are central to these same tasks.

We must not let our friends' worries about one another diminish our commitment to their security or hinder our plans to extend strategic cooperation with them. We are taking steps to assure that Israeli concerns are met, just as we are seeking to assure moderate Arab nations that our developing strategic cooperation with Israel is directed against Soviet intervention and not against the Arabs. But unless we are able to work effectively with all of our friends in the region, our security, the security of Israel, and peace itself will be endangered.

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[1] Press release 312. ■

Interview on "Issues and Answers"

Secretary Haig was interviewed on ABC's "Issues and Answers" by ABC News correspondents Sander Vanocur and Barrie Dunsmore in Washington, D.C., August 23, 1981.[1]

Q. You were once Chief of Staff at the White House. Had you been Chief of Staff at the White House last week, would you have gone and telephoned President Reagan and told him about the engagement off the Libyan coast?

A. It's hard to say. I think each situation has its own unique factors. No one is the same as the one before. I think, in this instance, Ed Meese [Counsellor to the President] was exactly right. I spoke to Ed very briefly after we first learned of the incident. I think we both concluded that, until we knew more, it would not be worthwhile to notify the President. And I think Ed did so before the issue became a matter of public knowledge, and when we had the full facts before us—myself and Bill Casey [Director of Central Intelligence].

Q. You took some abuse at the time of the assassination attempt on President Reagan.

A. I've taken a lot of abuse over a number of years.

Q. Yes. This was the most recent and the most vociferous, about trying to establish command authority in a very tense situation. It is unclear to me, at this time, what the command authority structure is in the U.S. Government on national security matters. Is Mr. Meese in charge of it? Is it yourself? Is it Cap Weinberger [Secretary of Defense]? Is it the National Security Council Director, Mr. Allen?

A. I think it is very clear, that none of the names that you have mentioned are confused about it. It's the President. The President was aware of this situation. He had personally approved the exercise. He had personally approved the rules of the engagement, which were standard, but which were strongly reaffirmed by the President.

Everything that the President personally approved was followed in a very coherent way. I must say, the other evening, with two of your principals out of town, when the situation developed, we had a task force in the State Department working closely with the National Military Command Center, in constant contact with myself; with Cap Weinberger; with Ed Meese; with Bill Casey, Director of CIA; and with Dick Allen. And, we were all in constant communication throughout the period. So, I don't know how we could have had a more successfully managed crisis, if you will. And, incidentally, both Cap and I spoke to the Vice President, who is vacationing in Maine, as you know, and who followed the events minute by minute.

Q. Isn't everything you just said going to give ammunition to the people who say this was not a surprise to the United States? It was anticipated?

A. I don't think the resort to violence is ever anticipated. But I wouldn't suggest for a moment that we were naive about the possibility, given the track record of Mr. Qadhafi [Libyan chief of state] over a number of years. Surely, we anticipated that it could happen and we were ready if it were to happen.

Q. Now that you have had a chance to analyze all of the data, do you believe that this was a premeditated action taken on the advice of Colonel Qadhafi, or was it something that the pilot did on the spur of the moment?

A. I don't believe it was the spur-of-the-moment pilot accidental action, if you will. I think the tapes that have been revealed and the exchanges that occurred after the event would suggest that the pilots were on a targeted mission. They clearly announced the fact that the one aircraft had released its missile. I'm not one who believes these kinds of things, in a disciplined organization, even one of varied nationalities such as may be the case in Libya, are not pretty carefully managed and controlled.

Q. What would be the purpose of their doing that and what do you think the consequences are likely to be? If you expected that it was premeditated, you must be waiting for the other shoe to fall.

A. No. I think the incident is behind us. I think it was a testing incident. It

Regional Strategy for Southern Africa

by Chester A. Crocker

Address before the American Legion in Honolulu on August 29, 1981. Mr. Crocker is Assistant Secretary for African Affairs.

I am pleased and honored to be addressing the American Legion on a subject of vital national and international significance. Africa is an integral and increasingly important part of the global competitive system. The United States did not cause this to come about, but it is a reality, one which many Americans have only recently begun to perceive. Africa is part of the large, interdependent world system within which the position of the United States is critically important. And thus, the quality and the maturity of our relationship with African states is a potent force for international as well as our own national security and well-being.

The Reagan Administration has established some tough goals for our country in the area of foreign affairs just as it has in the area of domestic policy. They are goals which are supported by the American people and which are based upon the values which we as a nation have subscribed to for over 200 years. As Secretary of State Haig has said:

- We will be consistent in the pursuit of U.S. interests;
- The United States will be reliable as a force for peace and stability: and
- There will be balance in our approach to individual issues and orchestration of policy in general.

U.S. Objectives in Africa

We, whose job it is to help shape and implement this Administration's foreign policy, take these principles seriously, and I believe that progress is evident. Let me enumerate what this Administration has set forth as its objectives in Africa.

- America seeks to promote peace and regional security in Africa and to deny opportunities to all those who seek contrary objectives.
- We will support proven friends and be known as a reliable partner in Africa as elsewhere.
- We support open market opportunities, access to key resources, and expanding African and American economies.
- The United States actively supports regional security and peaceful solutions to the problems of southern Africa.
- We seek to expand and assist that group of nations whose development policies produce economic progress and which have working democratic institutions.
- The United States will do its share in meeting Africa's humanitarian needs and in supporting basic human liberties, in keeping with both American principles and American interests.

To reach those objectives, we must each day address a number of natural and manmade problems. Let me touch on just a few of them in the African context.

We are concerned about the influence of the Soviet Union and its surrogates in Africa. The Soviets seek to exploit for their own ends existing differences and actual conflict, and they seek to create and sustain situations of conflict from which they can profit. They are aided in these efforts by their client states (such as the Cubans and the East Germans) but also by less traditional partners who also pursue their own aims to the detriment of their neighbors. Under the leadership of Colonel Qadhafi, Libya has been transformed into a leading Third World arsenal of Soviet-supplied hardware. Libyan arms and cash are at the center of a skillful and sinister campaign of subversion that has become a major source of African instability. The activities of the Soviets and their partners threaten the security of Africa in every corner of the continent, and in accordance with our objectives the United States is working to frustrate these activities and to help African states resist them.

I would like here to emphasize a point I have made elsewhere on this subject, and that is that the United States has no desire nor, for that matter, any mandate to act as the policeman of Africa. But let there be no misunderstanding: This country will not hesitate to play its proper role both in fostering the well-being of friends in Africa and in resisting the efforts of those whose goals are the opposite. Without a minimum of regional political order, our other regional interests—humanitarian, economic, commerical—cannot be pursued.

Equally important, without political order, African states will fail in their crucial tasks of nation building, economic development and, in general, assuming Africa's rightful place in the community of nations. As leader of the West, the United States has a responsibility to help shape the strategic context that impinges on Africa. As I stated at the outset, Africa is an integral part of the world political system. It is time for us Americans to recognize this reality and cease indulging in the romantic illusion that Africa is somehow uniquely buffered from the effects of destabilization whether it is of external or regional origin.

It is time for us Americans to recognize [that Africa is an integral part of the world political system] and cease indulging in the romantic illusion that Africa is somehow uniquely buffered from the effects of destabilization. . . .

We are also alert to the danger inherent in the economic crises which are affecting Africa. Several factors have combined to produce one of the most serious economic situations since African countries became independent. The causes are several: Policies which bloated government's role in the economy and distorted the pricing mechanism; severe droughts that cut food production; the recession in the Western industrialized countries which sharply reduced Africa's export earnings; and the higher oil prices which hurt the poor countries even worse than the industrialized ones.

The result is that, across Africa today, countries which are already among the poorest in the world are facing stagnant economies, debt burdens which they cannot meet, oil import bills which eat up most of their foreign exchange earnings, food shortages which threaten famine in some cases, and spiralling costs for basic necessities that create deep social tensions. We are well aware that others are eager to exploit these tensions. African governments, still in the early stages of institutional maturity, are easily shaken, often overthrown in the face of such crises. Some of the governments so threatened today are those which have consistently supported the United States in such international situations as Iran and Afghanistan, and some of those which today provide us with access to key military facilities in our reach to the Persian Gulf.

The United States cannot be the financial "angel" for Africa, any more than we intend to be Africa's policeman. But we have no intention of allowing this economic threat, any more than the threat of terrorism or subversion, to undermine basic American interests in Africa. This Administration aims to meet this threat by emphasizing our strengths—specifically by helping bring the poorer African nations more into the mainstream of the free market economy which is the soundest and surest way to growth. Strengthening our own economy is a vital part of this, for this enables us to fulfill our international financial responsibilities, and it increases the potential markets for African countries.

Our bilateral assistance program will be an indispensable element in Africa during this period. Under the Reagan Administration, our bilateral aid will be targeted on areas where our interests are most clearly manifest and focused more to produce policy changes of broad and lasting impact. These changes include giving a much greater opportunity to the private sector, both within these countries and from abroad.

Multilateral assistance agencies, such as the World Bank, provide the bulk of assistance resources to Africa, far more than we can or need to provide bilaterally. This Administration will play a strong role in these institutions, pushing for combining this aid with the kind of basic structural and policy changes that are essential if Africa is not to reel from one economic crisis to another. We believe that, if helped through this crisis period with the right mix of aid, policy reform, and a strongly reinvigorated role for the private sector, African peoples will opt for the growth and the freedom—the personal, economic, and political freedom—that is inherent in the free world's international economic system.

Southern Africa

But it is to southern Africa that I would like to direct the thrust of my remarks. The African policy of this Administration places a very high priority on addressing the problems and opportunities of this key region. We have dedicated a substantial effort, engaging the energy and attention of the highest levels of government, to reviewing the regional situation, weighing our options, and consulting in depth with all the key players including our allies and the governments of southern Africa. During the early months of this year, we concluded that U.S. and Western interests can only be advanced by serious and determined U.S. leadership aimed at strengthing the region's security and backing its development potential. We have defined a new regional strategy, responsive to our national security, economic-commercial, and political interests. That strategy is based on three basic realities of southern Africa.

First. U.S. economic interests in sub-Saharan Africa are heavily concentrated in the southern third of the continent. Nearly $3 billion of direct investment, or about 60% of the sub-Saharan total, is located there. Our southern African trade totals over $6 billion. This concentration of our interests reflects southern Africa's tremendous mineral wealth and the relative sophistication of the area's economies—especially those of South Africa and Zimbabwe. Southern Africa accounts for over 40% of sub-Saharan Africa's GNP, 70% of its industrial and 60% of its mining output, 80% of the steel, and 85% of the electricity consumed. The area contains immense deposits of many strategic minerals which are vital to industrial economies like ours, including: the platinum group (86% of world reserves), manganese (53%), vanadium (64%), chromium (95%), and colbalt (52%) as well as a dominant share of world gold and diamond output and internationally signficant output of coal, uranium, copper, and other minerals. Many of these minerals are vital to Western defense and high technology industries.

There is no longer much debate about southern Africa's economic significance. With regional stability the area can prosper and serve as a focal point of African economic progress. Trade and private investment flows from the United States and other Western nations can reinforce this potential and provide a solid basis of mutual interest for U.S.-African relations. If there is a slide toward regional turmoil, however, southern Africa's potential economic dynamism becomes a mirage. This Administration strongly supports southern African economic development through encouragement of trade and investment throughout the area and through the provision of timely and carefully tailored foreign assistance. Equally important, we support regional development by an active diplomacy aimed at addressing outstanding conflicts and thus discouraging the recourse to violent solutions and foreign intervention.

Second. A second reality is that southern Africa is an increasingly contested arena in global politics. The worldwide significance of the region derives from its potential—unless nations of the area can find a basis to resolve outstanding conflicts and coexist—to become a cockpit of mounting East-West tension. Despite the ending of the drawn-out struggle in Rhodesia and the successful transition to independent Zimbabwe, there remains a combination of local and external pressures that could lead to expanded conflict and polarization. Since Portugal's departure from its ex-colonies in 1975, the U.S.S.R. and its clients have shown every interest in keeping the pot of regional conflicts boiling. Six years after Angola's independence, substantial Cuban combat forces plus Soviet advisers remain there, as participants in a still unresolved and tragic civil war.

This external factor inevitably shapes the calculations of Angola's neighbors. Warsaw Pact countries have arms agreements with four nations of the area and provide the bulk of external military support to guerrilla groups aimed at Namibia and South Africa. Faced with large-scale foreign intervention, the pressure of African guerrilla groups, and strains in its relations with its traditional Western partners, South Africa has significantly expanded its defense potential in recent years. The republic, through a sustained self-sufficiency drive, is now an important particular emphasis on regions of instability—to insure that exports of nuclear technologies do not contribute to the risk of proliferation.

Third, the President declared that reestablishing the United States as a reliable partner for peaceful nuclear cooperation is essential to our nonproliferation goals. Our ability to gain support and to exercise influence in this critical area will diminish if we do not remain an active and responsible supplier of the nuclear programs of other countries.

The President's statement reflects the continuity of our policy in its emphasis on the importance of nonproliferation as one of the critical challenges facing the United States in international affairs.

Arms Control and Propaganda

The Soviet Union continues to make arms control an important feature of its unremitting worldwide propaganda and disinformation campaign against us. Countering that campaign must be an important aspect of ACDA's work, in close cooperation with the International Communication Agency and other agencies of the government. You will all recall the case of the enhanced radiation warhead, the so-called neutron bomb, a few years ago. The Soviet Union scored a stunning propaganda victory in that episode and a very damaging one. It did not deserve its victory. The Soviet argument was ridiculous. But our response was inadequate, and they prevailed. I have the neutron bomb affair very much in mind when I read Soviet propaganda to the effect that we are unwilling to negotiate arms control agreements and are seeking nuclear war. We shall not be outdone again.

To strengthen the prospects for success in establishing peace, reaching useful arms control agreements, and minimizing the spread of nuclear weapons, it is essential that the Congress continue its support of the military budget proposed by President Reagan. The executive and legislative branches should continue their partnership in rebuilding America's armed forces. Weapons systems procurement must not be delayed for arms control negotiations or vice versa. We cannot hope to achieve the promise of peace without the discipline of power and perseverance. We shall need both. We must be strong enough to convince the Soviet Union that its best course is to respect the fundamental rules dealing with the international use of force and to embark on a cooperative effort at arms reductions.

The Soviet Union is now engaged in a vicious and cynical campaign of propaganda and intimidation. It is aimed at separating the United States from its allies and derailing Western rearmament programs. It shall not succeed. We do not accept the responsibility for the current sorry state of U.S.-Soviet relationships. The Soviet Union bears that responsibility. They invaded Afghanistan; they continue to threaten intervention in Poland; they support aggressive and unaccceptable actions through their surrogates. They have continued to build weapons—at every level—while we have exercised restraint.

The Soviets must be made to see that their future is better and more secure under a regime of reciprocal restraint and international order. If we can succeed, and with your help we can, then we shall reverse the long history of disappointment with the results of arms control negotiations. Our goal will be to subordinate the international use of force and the arms race to the rule of law and to induce respect for the rules of reciprocal restraint in world affairs. The ACDA statute makes it the duty of the agency "to provide impetus" toward the goal of achieving a world political system in which "the use of force has been subordinated to the rule of law." The pressures of nuclear reality are inexorably pressing the nations to realize that the rule of law is the only possible way they can assure their own security and the future of mankind. As my whole career attests, I find the mandate of the ACDA statute altogether congenial.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

U.S.-Canada Meeting on Hyde Park Agreement

U.S. and Canadian officials met in Washington on July 21, 1981, to discuss the proposed Hyde Park landfill settlement agreement now pending before the Federal District Court in Buffalo, New York. The meeting was hosted by the Department of State in response to a Canadian Government request to discuss and exchange views on the proposed settlement agreement.

The proposed agreement, if approved by the court, would settle the joint Federal and State of New York lawsuit against Hooker Chemicals and Plastics Corp. concerning the migration of chemicals from Hooker's Hyde Park landfill site located in the town of Niagara, New York. Hooker disposed of approximately 80,000 tons of chemical wastes at the site from 1953 to 1974.

U.S. officials outlined the terms of the proposed settlement, including remedial measures, and explained the legal procedures and mechanisms which would insure the agreement's effective implementation. Canadian officials presented their concern that measures under settlement would not adequately prevent further leakage of toxic substances into the Niagara River. They reiterated their view that all reasonable and practical means must be undertaken to prevent the release into the Great Lakes system of any toxic materials, consistent with commitments of the Great Lakes Water Quality Agreement. Canadian officials expressed satisfaction with the meeting and will review the information presented. U.S. officials set forth their view that the settlement agreement will protect the public health and the environment.

The wider problems of disposal of toxic wastes in the Niagara region and in the Great Lakes basin were also discussed, and information was exchanged on other issues relating to water quality in the Niagara River. A formal arrangement was proposed for exchange of information on a regular basis and for consultations to review the general situation in the Niagara region and specific issues which may arise.

There was agreement that the meeting represented a useful step in continuing and cooperative efforts to protect and improve the water quality of the Niagara River.

The Canadian delegation included representatives of the Department of External Affairs, Environment Canada, and the Province of Ontario. The U.S. delegation included representatives of the Departments of State and Justice, the Environmental Protection Agency, the New York State Attorney General's office, and the New York Department of Environmental Conservation.

Press release 246.■

Pacific Salmon Issues

JOINT PRESS RELEASE, AUG. 13, 1981[1]

U.S. and Canadian federal officials met on June 19, 1981, in Washington, D.C., to consider recommendations made by their special negotiators dealing with bilateral Pacific salmon issues. The special negotiators, Dr. Dayton L. Alverson for the United States and Dr. Michael P. Sheppard for Canada, recommended in a progress report issued June 11 that both countries continue efforts to reach a comprehensive agreement to provide for cooperative management and enhancement of the Pacific salmon resource. At the same time they recommended that both countries implement certain interim arrangements for the remainder of 1981 and for 1982 to improve conservation of the Pacific salmon stocks in a manner that will be of mutual benefit.

Participants at the June 19 meeting noted that support for the recommendations appears widespread in both countries. In both the United States and Canada, federal and state fishery management agencies have expressed general concurrence with the approach recommended by the special negotiators. They have also indicated that they will work to enact the provisions of the interim arrangements during 1981 and will actively work to finalize 1982 management regimes so that they are in conformance with the recommendations.

After reviewing the recommendations of the special negotiators and noting the support they have received in both countries, the Governments of the United States and Canada wish to reaffirm their support for the efforts of the special negotiators to reach a comprehensive agreement. The governments concur in the belief of the special negotiators that a long-term agreement for cooperative management and enhancement of the Pacific salmon resource is urgently required to insure adequate conservation and optimum utilization of the stocks and that the fishing communities on both sides are deeply committed to reaching an accord.

In addition the governments consider that the 1981 and 1982 interim arrangements recommended by the special negotiators will build on the progress of the negotiators and materially assist both sides in achieving a long-term agreement. The governments intend to work during 1981 and 1982 to insure that all relevant fisheries are conducted in accordance with the recommendations of the special negotiators. The governments are also studying the desirability of incorporating the recommendations into formal arrangements.

The governments acknowledge that proposed research projects are important to the success of long-term arrangements and note that the special negotiators have recommended that certain projects be conducted in 1982. Both governments are at present considering the projects recommended for next year.

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[1] Press release 278 of Aug. 13, 1981.■

U.S. Interests in Southeast Asia

by John H. Holdridge

Statement before the Subcommittee on East Asian and Pacific Affairs of the Senate Foreign Relations Committee on July 15, 1981. Ambassador Holdridge is Assistant Secretary for East Asian and Pacific Affairs.[1]

Having recently returned from a long trip with Secretary Haig to East Asia and, just last night, from the first days of the U.N. conference on Kampuchea in New York, I am pleased to have this opportunity to discuss with you this Administration's policy toward Southeast Asia.

Objectives

The following objectives shape our specific policies in that important region of the world.

- We firmly support the progress and stability of our friends and allies in the Association of South East Asian Nations (ASEAN) as the heart of our policy toward the entire region.
- In cooperation with ASEAN we seek to restrain the aggressive ambitions of Vietnam.
- We seek to curb the growing Soviet military presence and influence in the region.

By any yardstick—population, economic size and dynamism, social and political values, strategic location—the United States has great interests in the five nations of ASEAN. The ASEAN countries—Thailand, Malaysia, Singapore, Indonesia, and the Philippines—have a total population of over 250 million people. Their economies, all spurred by the forces of the free market, are among the fastest growing in the world. Taken as a whole, ASEAN constitutes the fifth largest trading partner of the United States. All of the ASEAN nations share a basic pro-Western political and philosophical orientation, though two are our allies and three are members of the nonaligned movement. It is these strategic, political, and economic interests which dictate our support for the ASEAN countries, support which the Reagan Administration has renewed and invigorated. This positive, active support for ASEAN is the most effective means of curbing the ambitions of Vietnam and the Soviet Union.

Bilateral Relations with ASEAN Countries

American support for the progress and prosperity of ASEAN has expression in both our bilateral relations with each member and in our association with the organization. Since President Reagan has taken office we have made a special effort to emphasize the value we place on strong ties with each country. Vice President Bush has just attended the inauguration of President Marcos of the Philippines. Secretary Haig decided within a week of taking office that he would travel to Manila to meet with his ASEAN colleagues in June. We have underlying causes of the financing problems as well as the borrowing countries' social, political, and economic priorities.

The Fund borrowing of $5-6 billion over the next several years—including from Saudi Arabia—will help bolster the IMF's ability to supply balance-of-payments financing and, to the extent that others can be involved, bring the surplus OPEC countries more directly into the recycling process.

We are encouraging this expansion of the IMF's role and resources. We believe that a multilateral institution like the IMF is especially well placed to encourage developing countries to adjust their economic policies, as we believe they must, to current international realities. The economic stakes for the countries concerned are very high. So are the foreign policy and economic stakes for the United States if failure to encourage adequate adjustment were to result in the economic collapse of countries important to the United States.

With this in mind, the Reagan Administration has also reviewed its approach to international monetary policy. Our basic principle is that the marketplace should be allowed to work. Accordingly, we will intervene in foreign exchange markets only when necessary to counter disorderly market conditions. We believe that this is consistent with the Administration's efforts to address economic fundamentals rather than attempt in vain to fine-tune our approach. We hope that the emphasis on basics will reduce the likelihood of disorderly foreign exchange markets.

Given the size of the U.S. economy and its international trade and financial linkages, U.S. monetary and fiscal policies are legitimately of major concern abroad. Right now we are going through a difficult transitional phase. The clash between our anti-inflationary monetary policy and deep-seated inflationary expectations has temporarily produced very high interest rates, causing painful effects in our own economy and complicating policy choices for our economic partners. High U.S. rates have added to downward pressures on the exchange value of some foreign currencies and have contributed to the increase in interest rates abroad, even though some policymakers abroad would have preferred lower rates in support of investment and economic recovery. I would like to underline, however, that domestic economic conditions and political factors in the United States and many of our key trading partners have been the principal cause of exchange rate and interest rate developments. Lower interest rates can be attained on a sustainable basis only by reducing the rate of inflation and the inflationary expectations which are built into present high nominal rates.

We are sometimes charged with placing an undue burden on monetary policy in the anti-inflationary fight and thus aggravating the interest-rate problem. While monetary control surely is a necessary condition for reducing inflation, the Administration has also proposed a restrictive fiscal package and expects to have the smallest deficit as a share of GNP among the major countries. Over the next few years fiscal policy will be guided by the commitment to balanced budgets.

These issues have been discussed with our partners in the OECD, in the summit preparatory meetings as well as bilateral meetings. Much progress has been made in enhancing mutual understanding, and, given the common objective of restoring vigorous, noninflationary growth, I believe a further convergence of views is probable at the summit.

Turning briefly to investment policy, we believe that market forces rather than government fiat result in the most efficient distribution of investments. Consistent with this view, U.S. investment policy has for many years been based on the principle of nonintervention in the private sector decisionmaking process. As a corollary, the U.S. Government has avoided actively promoting or discouraging private investment overseas. Our policy supports a general principle of national treatment for foreign enterprises—i.e., foreign enterprises should be treated no less favorably than domestic investors in like situations.

U.S. investment overseas has been increasing in recent years. By the end of 1979—on a balance-of-payments basis—the stock of U.S. direct investment abroad had reached an estimated $192.6 billion, up 15% from the previous year's figure of $167.8 billion. U.S. investment in Europe and Canada account for over half of U.S. investment abroad—about $122 billion—and investment in developed countries comes to about 72% of the total. We should also keep in mind that receipts from those investments totaled nearly $38 billion in 1979.

The United States has maintained an open investment climate, and we believe that the attractiveness of the U.S. investment climate has led to a largely beneficial increase in investment in this country. As a general principle, foreign investors should not receive any special advantages which are not available to domestic investors in the U.S. economy.

Most OECD countries maintain a similar open investment climate, though we are concerned about trends in the other direction in Canada and have been discussing this issue with the Canadian Government. Developing countries are in some cases more restrictive. We want to remove U.S. Government impediments to U.S. investment abroad, for example, in the tax and regulatory area. We also want to insure that U.S. investors overseas receive fair and equitable treatment. We will, for instance, seek greater international discipline in the use of investment incentives and performance requirements. We will continue to work, bilaterally and multilaterally, for the goal of an open investment system—one that is based to the extent possible on a common framework and understanding of the basic ground rules.

Support for Economic Development

Support for economic development in poorer countries has been an important element in U.S. foreign policy for the past 30 years, and given the economic and strategic picture of some key developing countries it is likely to remain so for some time to come.

This Administration has been taking a careful look at our economic policies toward developing countries, to make sure that U.S. policies accord closely with our tangible economic and security interests in such sensitive areas as the Caribbean basin, the Middle East, the areas bordering Afghanistan and the Persian Gulf, and others. Aid allocations will reflect these interests as well as humanitarian concerns.

Historically, U.S. aid has been extended both as direct bilateral assistance and through multilateral institutions. The Administration is examining the balance between these channels, in an attempt to insure that our choice of aid tools reflects the different interests our aid programs should serve. We plan to complete by September a review of U.S.

policy on participation in future replenishments or expansions of multilateral development banks.

U.S. budget revisions have affected all areas, including foreign assistance. Our essential aid expenditures in FY 1982 will nonetheless be about 15% above the current fiscal year.

This Administration believes it important to emphasize, however, that economic development includes other elements besides aid. One of the most important steps this Administration can take for development is to restore and maintain a growing U.S. economy without inflation. This encourages the development process through linkages that are often more important than external aid flows. The most important among these are:

- Markets open to the exports of developing countries;
- Domestic economic policies that facilitate overall growth and investment in these countries; and
- Access to capital markets.

Even within the broad category of external financing of development, concentration on the relatively small official aid contributions sometimes leads us to forget the much larger flows from the rest of our economy. U.S. imports from developing countries in 1979 were nearly nine times our official aid flows. The same type of relationship holds for all the Western aid-giving nations as a group. U.S. direct investment in the developing countries runs at or above the level of aid, and LDC use of private capital markets results in commercial bank loans and bond issues far exceeding development assistance. In 1979 alone, commercial banks provided $37 billion to the LDCs, while flows of official development assistance from all donors in the Development Assistance Committee of the OECD were $22 billion.

These factors suggest that the United States should pay greater attention to the role of the private sector in the development process. U.S. business is involved directly in trade, investment, technology transfer, and financing in the developing world, and the private sector in many developing countries could, with the proper encouragement, play a much greater role. The Administration, in consultation with the business community, is reviewing what can be done to facilitate private sector involvement in the development process while fully respecting its private character.

Relations between developing and developed countries have also been the focus of a great deal of international debate in recent years. The United States has been an active participant in this dialogue, as I am sure you are all aware. We participated in last year's effort to work out a suitable agenda and procedures for global negotiations. Because we took this process seriously, we felt that it was essential to include provisions that would protect essential U.S. interests and preserve the integrity of existing international institutions. In view of the continuing disagreements among the countries concerned on how such negotiations should be set up, the Administration proposed to the U.N. General Assembly last May that the issue of global negotiations be deferred until the next General Assembly in the fall.

Cancun Summit

As an indication of the importance we attach to these issues, President Reagan has accepted an invitation from President Lopez Portillo of Mexico to attend an international meeting on cooperation and development in Cancun on October 22 and 23. We view this meeting as a useful opportunity for President Reagan to meet with heads of government from 22 industrialized and developing countries for an exchange of views on global economic problems and opportunities. The 11 cosponsoring nations have told us they plan an open and informal meeting with no set agenda and no communique. We expect that the discussion will include such vital issues as food, energy, trade, population growth, and world ecological developments. The heads of government may also consider whether global negotiations are a useful forum for addressing them, though we hope the focus at Cancun will be more substantive than procedural.

We prefer to postpone any decision on global negotiations until the heads of government have had a chance to exchange views at Cancun. We plan to work closely with the Ottawa summit countries and other participants to insure that the Cancun summit is as constructive as possible.

Economic Relations with Key Friends

The Administration attaches special importance to our economic relations with certain key friends whose ties to the United States are particularly intimate and long standing. We have moved, through close cooperation at all levels of our governments, to strengthen our economic ties with our neighbors on the North American Continent. These relations received a strong boost from the warm rapport that President Reagan has developed with his counterparts in Canada and Mexico.

One of the duties which I have assumed is that of the President's personal representative for economic summits. The preparatory process for the July 19–21 Ottawa summit was launched in earnest in February when the personal representatives of the seven participating countries plus the European Community met in London. Since then the representatives have met three times—in late April, early June, and early July. In these meetings we developed a work program and reviewed papers presented by individual personal representatives on relevant topics. The preparatory process has been very important in crystallizing the key issues and improving communications among our governments. As a result, the importance on domestic economic recovery in all our countries emerged as a dominant theme. There is a general consensus that our capacity to strengthen our security, to expand assistance to developing countries, and to resist protectionist actions all hinge upon controlling domestic inflation and expanding output.

In addition to domestic economic policies, such issues as economic relations with the Soviet Union and Eastern Europe, our relations with developing countries, and energy and trade will be central issues for discussion. Obviously, when the heads of government meet, they will touch on international political issues of concern at that moment. The summit will provide President Reagan with an excellent opportunity to explain his domestic economic recovery program and to provide the framework within which he will pursue his policies on these various international issues. This summit should result in a greater understanding of U.S. policies, and we and our allies hopefully will come away with a commitment to common approaches for dealing with some of the issues. In our preparatory work to date, I sense that our allies share this view. We will, of course, discuss U.S. policy on these issues with others of our allies who are not participating in the summit.

The Ottawa summit scheduled for

Security of the Flow of Oil

The Persian Gulf is the major source of the world's oil exports. Saudi Arabia is by far the largest oil producer in the gulf, accounting for some 63% of the total gulf production. Loss of Saudi oil for a prolonged period of time would have a disastrous impact on the economy of the West. Control or denial of access to Saudi oil by the Soviet Union or other hostile powers would undermine our security worldwide and risk splintering the NATO alliance.

At the same time, these oil facilities are highly vulnerable to air attack. They are even now within range of Iranian and other potentially hostile forces. Nearly all of the Saudi oil-pumping stations, crude oil-processing facilities, refineries, storage facilities, and loading terminals are located within 40 miles of the Persian Gulf coast in the Dhahran-Ras Tanura areas. Destruction of certain of these facilities could cut off completely the flow of oil for more than a year. Clearly, it is imperative for the economic security of the West that these oil facilities be protected.

The problem of defending the oil fields is greatly complicated by the demographic and geographic realities of Saudi Arabia. Saudi Arabia is a country equal in size to all of the United States east of the Mississippi River. At the same time, it has a small population of under 6 million with which to defend itself. Thus, Saudi Arabia must maximize the efficiency of its limited armed forces through the use of high technology.

The chances of success of an air attack against Saudi Arabia are increased because the Saudi terrain is flat, particularly in the area of the oil fields. It presents no features which would enhance the employment of ground-based radars. Moreover, the oil fields are on the Persian Gulf coast, so that an enemy air force would not have to cross any portion of Saudi Arabia to attack critical targets.

With current Saudi capabilities, an attack of low-flying aircraft would not be detected by ground-based radar until it was within 2-4 minutes of the oil fields. Even under the best conditions of training and readiness, no air force in the world could respond to this threat in time to prevent a successful attack on the oil facilities. It does not serve U.S. national interests, let alone those of Saudi Arabia, for the RSAF to be able only to engage an enemy after it has destroyed one of our most essential energy sources.

Conformal Fuel Tanks (CFTS) for the F-15

CFTs are streamlined fuel tanks attached to the sides of the F-15 fuselage, with an empty weight of about 2,000 pounds and a total fuel capacity of approximately 9,750 pounds per set.

The CFTs attach to the aircraft in a manner that enables rapid installation and removal (about 90 minutes are required to install and check out CFTs).

The CFTs retain the capability to mount and fire four AIM-7 Sparrow air-to-air missiles, similar to the fuselage installation. In addition, the CFTs have been designed with an optional capability to carry air-to-surface munitions.

Changes to the U.S. Air Force and Saudi F-15s are required to allow the CFT to carry air-to-surface munitions. The Saudis could not perform these modifications without U.S. approval and assistance.

Availability. U.S. Air Force production contract is expected to be awarded in January 1981 for initial quantity of 75 ship sets pending congressional approval. The U.S. Air Force plans to fund additional CFTs in FY 1983-87.

- U.S. first delivery date: June 1983.
- Production availability: 27 months after contract award.
- Commercial availability: Yes.
- Estimated unit cost: $900,000 (does not include spares, support equipment, technical data, or training).
- Other purchasers: Israel.

Anticipated Deployment Locations. RSAF F-15 operation locations: Dhahran, Taif, and Khamis Mushayt.

Quantity Required. 101 ship sets.

Additional Manpower and Training Requirements. None.

Estimated Program Cost. $110 million.

Proposed Package

Given the nature of our interest in the continued flow of oil, the threat to that interest, and the inadequacies of the current Saudi air defense capability, it is vital to help Saudi Arabia improve its air defense by approving the four items in the proposed air defense enhancement package.

AIM-9L Sidewinder Missles. The RSAF must be able to defend the oil facilities against a numerically superior attacking force. With the AIM-9P Sidewinder missile currently in the Saudi inventory, Saudi aircraft must maneuver to a position behind the target in order to launch their missiles. AIM-9 missiles will allow the RSAF to intercept an attacking enemy from all directions, including head-on. This capability will greatly improve the chances of shooting down attacking aircraft before they are able to bomb the oil facilities or other Saudi targets. (Quantity to be sold: 1,177. Total cost: $200 million.)

Conformal Fuel Tanks (CFT) and KC-707 Tankers. Saudi F-15s must be based so that they are not vulnerable to a surprise enemy attack and so that they can sustain combat even if bases in eastern Saudi Arabia are put out of action. This requires that the RSAF station some of its F-15s at Taif and Khamis Mushayt air bases in the western part of the country. In order for these western-based aircraft to provide extended air cover for the oil fields in the east, they must have increased range and an aerial refueling capability. CFTs add substantially to the range of each F-15, while KC-707 tankers allow F-15s to remain on-station for extended periods of time. Extended range and endurance of F-15 aircraft will make optimal use of the limited Saudi defensive resources. (Quantity to be sold: 101 sets of CFTs, 6-8 KC-707s. Total cost: $110 million for CFTs; $2.4 billion for 8 KC-707s.)

Airborne Warning and Control System. AWACS is the most crucial part of the package because it provides the early warning without which there could be no successful defense of the oil facilities. AWACS will allow the RSAF to detect attacking enemy aircraft—depending on the altitude—150 miles or more from the oil fields, a sevenfold improvement over ground-based radars. The RSAF will then have enough time to scramble interceptor aircraft which can, with AIM-9L missiles, engage the enemy head-on, preventing it from reaching the oil fields. AWACS will also provide enough warning time to alert surface-to-air missile batteries and to allow them to shoot down attacking aircraft that might penetrate the screen of F-15 interceptors. Without AWACS, this early-warning capability will not exist, no matter how many ground radars might be employed. AWACS will be an important part of the Saudi air defense system, which will include ground-based radars, command and operations centers, and communications facilities. (Quantity to be sold: 5. Total cost: $5.8 billion.)

Prevention of Soviet Expansion

Over the past decade, the Soviet Union has relentlessly sought to improve its position in the region. Basic Soviet goals in the Southwest Asia region during the latter half of the 1980s will remain essentially the same as they are today. These are to:

- Increase Soviet influence in the region and to decrease that of the West;
- Destabilize anti-Soviet governments in the region and replace them with governments that are pro-Soviet;
- Improve Soviet military capabilities to threaten Western sea and air links from the Persian Gulf in order to gain concessions from countries in the region and to destabilize Western Europe;
- Assist allies with Soviet military forces to preserve pro-Soviet governments; and
- Maintain a credible military posture in and near the region, thereby insuring a Soviet stake in regional political alignments and events.

Although it has experienced setbacks in Egypt, Sudan, and Somalia, the U.S.S.R. has increased its influence in Syria, retains influence in Iraq, has improved its strategic position in the Horn of Africa and on the Arabian Peninsula, and has moved in force into Afghanistan. The turmoil in Iran and Lebanon offers additional opportunities for the spread of Soviet influence. In this environment, the need for a vigorous U.S. security policy for Southwest Asia and the Persian Gulf is obvious.

An important part of this effort is the perception by regional states that the United States is prepared to help them meet their legitimate defense requirements. Failure to allow the Saudis to buy the equipment both we and they agree they need will be seen as a lack of a serious commitment by the United States. Such an impression will make it far less likely that Saudi Arabia and others will agree to the kinds of security cooperation, joint planning, combined exercises, and advance preparations needed if the United States is to defend shared interests in the Persian Gulf region. Saudi Arabia has identified the air defense package as an indicator of American concern for Saudi security and of our "special relationship." This perception is reinforced by the strong military contribution which we agree this sale makes to our collective interests in the region.

KC-707 Tankers

The KC-707 is an aerial tanker version of the Boeing 707 jet transport. The KC-707 provides in-flight refueling for Saudi F-5 and F-15 aircraft,with both boom and probes and drouge refueling capabilities. The KC-707 will be produced on the same production line as the E-3A AWACS and will share airframe, engines, and maximum commonality of aircraft systems.

Availability. KC-707 aircraft will be available through foreign military sales beginning in 40-44 months, at a rate of approximately one aircraft per month. Total program includes:

- Eight new production KC-707 aircraft;
- 3 years of initial spare parts;
- Common and peculiar support equipment;
- Continental U.S. training; and
- 3 years of contractor aircraft maintenance and aircrew and maintenance training.

Anticipated Deployment Location. Initially at Riyadh (approximately 1 year) with later move to Al Kharj which will be the permanent main operation base.

Quantity Required. Saudi Arabia has requested six KC-707s with an option to buy two additional aircraft.

Additional Manpower and Training Requirements. Aircrew: 96, two crews for each of eight aircraft. Personnel can be converted from C-130 program plus new pilot training assets.

Estimated Program Cost: $2.4 billion.

In addition, Saudi acquisition of AWACS and associated ground equipment will provide the basis for a comprehensive military command, control and communications, and logistics infrastructure which could be compatible with U.S. tactical forces capabilities and requirements and could become the nucleus of support for U.S. forces if we are asked by regional states to respond in a crisis. The sale also serves our broader strategic interests in the gulf region by establishing a foundation for stronger U.S.-Saudi defense cooperation and for a more effective, cooperative air defense network in the area, with AWACS as the keystone element. Both of these advances will help deter Soviet aggression in the gulf.

Failure of the United States to respond to what we and the Saudis agree are legitimate security requirements will impel Saudi Arabia to look elsewhere for support; European suppliers are eager to meet Saudi air defense needs. (The Saudis have shown interest in the British Nimrod and the French Mirage 2000/2000.) Failure of the United States to complete the sale would result in a weaker U.S.-Saudi security relationship or, worse, could incline Saudi Arabia to seek an accommodation, over the long term, with radical regional forces that are inimical to U.S. interests.

Threat to Israel

The security of the State of Israel has been and will continue to be a paramount interest of the United States. The air defense package has been designed to meet Saudi defense requirements while minimizing the impact on the Arab-Israeli balance.

We recognize that the proposed air defense enhancement package for Saudi Arabia is of concern to Israel. However, the effect of the sale on Israeli security will be limited by several important factors.

Superiority of the Israeli Air Force. Israel has increased its margin of military superiority over its Arab adversaries since the 1973 war. With or without the enhancement items, the RSAF realistically poses no significant threat to the security of Israel. This assessment is true even in the context of a general regional conflict. The air defense package helps Saudi Arabia to defend itself against regional threats but may have been an accidental one. We can't discount that. But, I am inclined to believe it was a testing incident. We have had others in the past over the last 5 years, not only in the disputed area in which this incident occurred but beyond there, where there has been harassing and provocative actions taken by Libyan aircraft. There have been what I call transmissions of highly provocative character which suggested that Libyan aircraft were targeted against aircraft of the United States which were transiting in international air space.

We must be prepared, of course, as we are for some additional challenges or provocations, if you will. But, I am inclined to believe that the action taken, which was cleared by the President beforehand, was a clear delegation of authority to our local commanders, will be an effective termination of similar events in the near future. And I would hope so.

Q. In terms of what happened this past week, how is this going to affect what you refer to as this strategic consensus that is emerging in the Middle East? You have now President Sadat, who has offered us the use of facilities at Ras Banas. You have Prime Minister Begin coming in September and the speech he made in the Knesset, which got very little attention. He revived what he said before about the possibility of a defense pact with the United States. What is emerging here? There is a strategic shift, somehow, is there not?

A. Yes. And, you will recall I mentioned this against some skeptical background in May, at the time of my visit to the Middle East—April and May. At that time, I was not talking about constructing a consensus but recognizing that one was developing as a result of historic events—the war between Iraq and Iran, the collapse of the Shah, the Soviet blatant interventionism in Afghanistan—have all alerted a number of Arab states not only to the historic frustrations of the Middle East peace process but also to the vulnerability of the area to Soviet interventionism. I think these are welcome historic developments which are going to offer improved opportunity for the peace process itself.

Q. The key to the peace process is Lebanon. I believe you received—the State Department received—a letter from Prime Minister Begin Monday night in which he has asked you when is [the President's special emissary to the Middle East] Philip Habib coming back. Have you answered him yet?

A. No. I am preparing a response to Mr. Begin's letter, which was a very detailed and welcome letter. Of course, we are prepared to send Phil back in as soon as the President feels that his presence there is going to make a constructive contribution to the process. August is a difficult month, not only in Europe but in the Middle East as well, when many of the key officials are traveling and on vacation even though there is tension in the area. We are working now, within the United Nations, to strengthen the UNIFIL [U.N. Interim Force in Lebanon] role along the Israeli border with Lebanon. We are working, along with our European partners and certain Middle Eastern moderate Arab states, to strengthen the central government of Lebanon. And we are working, of course, within the four-party Arab League followup group, the group that Phil Habib had worked so actively with in the two phases of his visits. And, all of this is in place and moving. I think as soon as it is going to be beneficial for Phil to go back, the President will send him there.

Q. Just one more question about Libya. It is part of State Department folklore that, at one time, you gave an off-the-record interview in which you described Colonel Qadhafi as a cancer which has to be removed. Did you ever say anything along those lines?

A. If I were to have said that on background, and I now say it on foreground, then I would be violating the background rules, which some apparently feel free to do. Let me say this. I have made no bones about the concern I have felt, and that I know President Reagan feels, for the lawlessness which has characterized Mr. Qadhafi's international behavior, his support for terrorism, blatant invasion of neighboring states where today his forces occupy Chad, efforts to subvert and to replace existing governments along all of his borders, and activity in support of terrorism even in this hemisphere.

I think these are unacceptable norms of international behavior. And it is in our interest and the American people's interest, and in the international community's interest, to no longer overlook these illegal activities whether they come from Libya, Cuba, or the Soviet Union.

After all, one must bear in mind that Libya today is armed far beyond its defense needs, and it is the Soviet Union that provides the means to permit this situation to develop. It isn't an exclusive preoccupation of Mr. Qadhafi or [Cuban President] Mr. Castro, or, for that matter, the Soviet leadership, but a situation which the time has long since passed, where the free world, and the United States as a leader in the free world, must stand up and be heard on these issues.

Q. That takes us to the subject of U.S.-Soviet relations. Last week on this program, an adviser to President Brezhnev, Dr. Georgiy Arbatov, said that he was not at all optimistic about the prospects for your meeting with Andrei Gromyko next month. How do you read that reaction, and what is your own assessment of that meeting?

A. That's a disappointing commentary from a Soviet official, who I would be more interested in suggesting that perhaps there is some hope for progress in a dialogue which has been rather strained over the last 7 months. My own view is that there has been no lack of communication between ourselves and the Soviet leadership—over 50 official contacts in 7 months, a half a dozen written formal communications with the Soviet leadership including one personal one from the President. I think the problem is not communication. The problem is that the Soviet leadership, thus far, has not liked what they have heard from this Administration.

I have made it clear in my speech in New Orleans 2 weeks ago, that we are prepared to meet the Soviet leadership halfway. And, we are anxious for an improvement in the dialogue. But, such improvement can only follow some reigning in, some restraint, if you will, of what has been 6 years of unacceptable Soviet international behavior.

Q. Getting back to the meeting with Gromyko next month, what are your basic objectives for that meeting?

A. I think it is important for our viewers to recognize that this is the first ministerial-level meeting with this Administration and Soviet leadership.

Clearly, one of the major items on the agenda is the theater nuclear force arms control negotiations, which I anticipate will be a large portion of our discussion area, and hopefully we will fix a date and a location for the resumption of those talks which are already bracketed now between mid-November and mid-December.

Secondly, I would expect to discuss a number of world crisis situations, tension spots—Afghanistan, Kampuchea, Soviet proxy interventionism, trade, broader arms control aspects of our relationships, and any subject that the Soviet leadership, itself, wants to raise.

But I think these are the general areas that there will be an exchange of views on. I don't anticipate that we are going to have any wowing breakthroughs in a meeting engagement of this kind. More than likely, what we will have is some rather stiff exchanges, one side expressing its concerns to the other and, hopefully, that would be followed itself by additional ministerial discussions, which I would hope would ultimately lead to a summit-level meeting between our President and President Brezhnev.

Q. Is it possible to have any meaningful negotiations on the question of limiting nuclear weapons in Europe when you aren't, at the same time, talking about limited strategic nuclear weapons that both sides have?

A. Clearly, I think this is a possibility, just as we have been able to carry on strategic discussions without the involvement of theater systems. We can, now, get into the theater area. We are talking about long-range systems, the SS-20 and the corresponding Western systems, the Pershing and the ground-based cruise and air-launched cruise. All of these things will be discussed, and I think constructively. And we certainly enter into these talks with a very serious intent of getting meaningful, balanced, verifiable, and equitable arms control agreements.

Q. Is it possible to really plan a long-term negotiating strategy without some important decisions having been made on some weapons systems, bombers, and, of course, the MX missile which was discussed this week in California? You come down on the side of making it a land-based weapon.

A. I don't make it a habit, although some do, of raising in public forums the recommendations I will make to the President on issues on which he has yet to make his decision. Let me say this. Sure, these decisions which the President is about to make with respect to the modernization of our strategic inventories will have a profound impact on future SALT [Strategic Arms Limitation Talks] negotiations, strategic discussions.

Let me say this, as well, because there has been a lot of speculation in the press recently about who is voting for what and who is being rolled and who is winning and who is losing. I have never seen, in the five Administrations that I have served at a fairly high level and have been always been involved in these strategic issues, a case where in a brief period of 7 months, the Secretary of Defense has pulled together so comprehensive an approach and so comprehensive a package for the President to consider. I personally could do nothing but compliment Cap Weinberger for the way he has approached it.

Now, there are a number of decisions, a number of options, that are available to the President to make a decision on. He has not done so yet, and I think we are all best served in this Administration, and frankly in the press, to reserve our judgments until the President makes these decisions. I am one who has always supported a triad of capabilities—land-, sea-, and air-based systems. And I feel confident that the ultimate mix the President approves will have those fundamental characteristics inherently in them.

Q. One decision the President has made concerning weapons is the sale of AWACS [airborne warning and control system] reconnaissance planes to Saudi Arabia, an enhancement for the F-15s that were approved several years ago. An announcement is supposed to come out tomorrow, giving the legislative timetables, September 9 informal notification, September 28 formal notification. It is going to be controversial. In view of what you have—a sense of optimism about the Middle East—aren't you pushing big, massive chips forward on a controversial issue like this?

A. There is no question that this a controversial issue. We went into it with our eyes wide open. We got on a fast-moving train in that regard. There had been discussions along these lines for a number of months and years before this Administration came in. But the bottom line in the question is this: This is a fundamental improvement of the U.S. strategic position in the Middle East. It is going to be an enhancement of our ability to control events. And it is going to be a profound improvement to allies' ability to preserve and protect the vital oil resources of that region.

We intend to proceed, and we intend to win. I think it is very important that we do so for the vital interest of this country.

Q. It would be less confrontational, though, wouldn't it, if when Prime Minister Begin is here you can offer something to him, maybe not the defense pact he has raised now, the prepositioning of U.S. military material that would lessen Israel's opposition and mollify its concerns?

A. I suppose one can suggest such courses of action. But my experience with the Government of Israel and its leadership is not that they are going to be bought off with respect to concerns by goodies that we might offer to enhance their own capability. I think their concerns are understandable. I think in the period ahead it is our responsibility to explain to them why this system is not going to be an unacceptable risk to their security interest. After all, we have obligations to Israel, and it wouldn't be in America's interest to provide potential aggressors with the capability to aggravate our own ability to fulfill our responsibilities.

So, we are not going to do that. Now, that doesn't discount the importance of maintaining the qualitative edge in Israel. And we are, indeed, prepared to discuss that issue and to address it in final terms, so it has a de facto relationship. But I think it would be wrong to suggest that we are indulging in rewards or payoffs for Israeli acquiescence in a decision which stands on its own merits as the right one.

Q. We have alluded to this a couple of times on the broadcast, but I would like to put the question to you this way. In recent weeks, a U.S. Senator and a senior member of the State Department have told me that there is a monumental ideological battle going on for the soul of this Administration, that you are on the side

regional military power. It has clearly signaled its determination to resist guerrilla encroachments and strike at countries giving sanctuary.

Let us make no mistake. This is an explosive combination. The potential damage to Western interests is enhanced by southern Africa's geopolitical importance along the strategic sea routes around Africa and by its growing importance as a source of critical minerals. It is imperative that we play our proper role in fostering the region's security and countering the expansion of Soviet influence. We intend to do so by building the confidence necessary for equitable and durable solutions to conflicts and by encouraging the emergence and survival of genuine democratic systems and productive economies. We will not lend our voice to support those dedicated to seizing and holding power through violence. If the peoples of southern Africa are to have the chance to build their own futures, it is essential that military force not become established as the arbiter of relations between states or the means of effecting needed political change. In this respect, southern Africa could become a crucial arena for defining the rules of international conduct in the decade ahead.

Third. The third reality is that southern Africa is a highly complex arena which must be understood on its own regional merits if we are to succeed in our efforts. There are powerful linkages—transport systems, labor migration, electric power grids, flows of capital and expertise, active and vital trade ties—that bind together the states of southern Africa. Interdependence is reinforced by the presence in the region of six landlocked states. Economic pragmatism is strengthened by the many nearby examples of negative growth rates and falling living standards. But there are also deep-rooted sources of conflict within the region itself. The political basis for regional cooperation is strikingly absent. The racial and ethnic pluralism of these societies—and the raw emotions generated by colonialism and white minority rule—make it difficult for them to come to terms with themselves and their neighbors.

- The legally entrenched apartheid policies of South Africa are anathema to its African-ruled neighbors. They seek lessened dependence on South Africa and increased political pressures on it for domestic change. All parties are aware of the enormous price that will be exacted if the pressures in and around South Africa degenerate into destructive revolutionary violence.

- Angola has been plagued since independence by continuing ethnic and factional struggle, complicated by foreign intervention, that spills into neighboring countries and diverts attention from needed development. It is unlikely that the struggle between the MPLA [Popular Movement for the Liberation of Angola] government and opposition forces—chiefly UNITA [National Union for the Total Independence of Angola], led by Jonas Savimbi—can be resolved militarily. Cuban troop withdrawal and national reconciliation would be supported by all Angola's neighbors, but these in turn are intimately related to the question of Namibia.

- The low-level guerrilla conflict over Namibia's status has gradually expanded in recent years, as Western-led efforts to find a negotiated basis for independence from South African control continue. All parties accept the principle of independence, and some measure of agreement exists about the procedures for a transfer of power. But talks under U.N. auspices led by the Western contact group states (United States, United Kingdom, France, Germany, and Canada) had stalled by early 1981. It is clear that Namibia is a focal point of regional conflict and African diplomatic concern. It is also clear that the war could continue and expand unless the core concerns of all parties, including South Africa, are addressed in a settlement.

Thus, it is clear that southern Africa contains within itself the seeds of growing violence. To ward off this possibility we must have a realistic strategy, one that assures our credibility as a regional partner. We cannot and will not permit our hand to be forced to align ourselves with one side or another in these disputes. Our task, together with our key allies, is to maintain communication with all parties—something we in the West are uniquely able to do—and to pursue our growing interests throughout the region. Only if we engage constructively in southern Africa as a whole can we play our proper role in the search for negotiated solutions, peaceful change, and expanding economic progress.

In South Africa, the region's dominant country, it is not our task to choose between black and white. In this rich land of talented and diverse peoples, important Western economic, strategic, moral, and political interests are at stake. We must avoid action that aggravates the awesome challenges facing South Africans of all races. The Reagan Administration has no intention of destabilizing South Africa in order to curry favor elsewhere. Neither will we align ourselves with apartheid policies that are abhorrent to our own multiracial democracy. South Africa is an integral and important element of the global economic system, and it plays a significant economic role in its own region. We will not support the severing of those ties. It does not serve our interests to walk away from South Africa any more than it does to play down the seriousness of domestic and regional problems it faces.

The Reagan Administration has no intention of destabilizing South Africa in order to curry favor elsewhere.

The Reagan Administration recognizes that the future of southern Africa has not yet been written. It would be an act of political irresponsibility and moral cowardice to conduct ourselves as though it had been. We need policies that sustain those who would resist the siren call of violence and the blandishments of Moscow and its clients. The United States enjoys fruitful ties with most of the African states in this region—Zaire, Zimbabwe, Zambia, Botswana, Malawi, Lesotho, Swaziland, and Tanzania. We seek to strengthen and expand these relationships through diplomatic efforts on the interrelated conflicts in Namibia and Angola, through strong programs of foreign assistance, and by fostering expanded trade and investment.

The United States also seeks to build a more constructive relationship with South Africa, one based on shared interests, persuasion, and improved communication. There is much ferment in

South Africa today centered on the question of how all South Africans can more fully share and participate in the economy and political process. We recognize that a measure of change is already underway in South Africa. At such a time, when many South Africans of all races, in and out of government, are seeking to move away from apartheid, it is our task to be supportive of this process so that proponents of reform and nonviolent change can gain and hold the initiative.

Namibia and Angola. Let me now sketch out for you briefly what we are trying to achieve in Namibia and Angola. Much has been said and written on this subject over the past 6 months—some of it has even been accurate. We believe that our straightforward and realistic approach is increasingly understood at home and abroad.

On Namibia, I would emphasize that this Administration did not inherit a blank slate. We inherited a longstanding and highly contentious issue over which Western-led diplomatic efforts had reached an apparent impasse. We immediately recognized that the Namibia negotiations formed a central part of our developing relationship with black Africa and South Africa, as well as an important item on the allied agenda. Namibia, we concluded, was an issue that—unless resolved—could bedevil these relationships and offer splendid opportunities to our adversaries.

All parties shared our view that South Africa held the key to a settlement and agreed further that the new American Administration was uniquely positioned to explore with the South Africans conditions under which they would be prepared to turn that key. We recognized that U.N. Security Council Resolution 435 represented a significant diplomatic achievement, having been agreed to in principle by all parties. The issue was to identify the obstacles to its actual implementation and develop a means to address those obstacles. In extensive consultations with all parties on three continents, Secretary Haig, Deputy Secretary Clark, and I have explored the issue. We believe that progress has been achieved, and we are now working closely with our European and Canadian allies in the contact group to shape concrete proposals to put before the parties in southern Africa.

A Namibia settlement is, we believe, desirable and obtainable at an early date. To succeed, it must be internationally acceptable—under U.N. auspices and in accordance with Resolution 435, which must form the basis of a settlement. That framework, in our view, can and should be supplemented by additional measures aimed at reassuring all Namibian parties of fair treatment and at answering certain basic constitutional questions prior to elections that will lead to independence. A Namibia settlement, to be successful, must offer a genuine and equitable resolution of the conflict and lead the way toward an independence that strengthens, not undermines, the security of southern Africa.

Our diplomacy recognizes openly the intimate relationship between the conflicts in Namibia and Angola. We have repeatedly made clear our position that progress toward a Namibia settlement could set the stage for withdrawal of Cuban forces from Angola. There is little debate about the logic of this proposition, which the Angolan Government itself accepts in part. But we do not share the view that there is anything automatic or predictable about that relationship, as some would argue. The assumption that Cubans will depart—or that UNITA will evaporate like the morning dew—as South Africa withdraws from Namibia is problematical. What if the civil strife in Angola continues after Namibia's independence? We also wonder how a young government in the fragile new state of Namibia can be expected to survive and prosper with a seemingly endless civil war on its northern border, with substantial Soviet-Cuban presence nearby and with the consequent prospect of new sequence of intervention involving perhaps both South Africa and Communist forces.

Clearly, the relationship between Namibia and Angola cuts both ways. One of our first priorities has been to inject some greater logic and candor into this discussion and to stimulate creative thinking about how progress on each front might contribute to progress on the other. I would like to emphasize that we are not laying down preconditions to any party. But there is a factual relationship on the ground that cannot be denied. We believe that movement on Namibia can reinforce movement toward Cuban withdrawal and vice versa.

Furthermore, we are convinced that a satisfactory outcome can only be based on parallel movement in both arenas. In our dialogue with the front-line states, including the MPLA government in Angola, we have repeatedly underscored our sincere commitment to a process with benefits for all—one that need threaten no one. Thus, as we make clear our view that UNITA represents a significant and legitimate factor in Angolan politics, we have also maintained our mutually fruitful commercial ties with Luanda as a symbol of the future relationship that could one day be possible.

In conclusion, I believe the objectives and strategy defined here represent an approach responsive to regional realities and consistent with U.S. national security and foreign policy interests. The time has come for us as a nation to erase any shadow of doubt about the importance of Africa to U.S. interests and to demonstrate by our actions that we can conduct a serious and sustained diplomacy in Africa.■

renewed our defense commitments to Thailand and the Philippines and affirmed that we will meet our treaty obligations in the event of aggression by enemies of those countries. Our air and naval facilities in the Philippines form a vital part of our worldwide forward-defense system. Prime Minister Lee Kuan Yew of Singapore visited Washington last month to meet with President Reagan, and leaders of other ASEAN countries, including President Suharto of Indonesia, will come during the next year or so. Senior officials of the Administration are planning trips to the ASEAN capitals in the near future, as, I am happy to note, are many congressional leaders.

The ASEAN countries will benefit by increases in economic and military assistance this Administration has requested from the Congress. Although economic assistance to the Philippines, Thailand, and Indonesia is a relatively small percentage of the total U.S. annual appropriated for foreign aid, it plays a vital role in each country's own development program. For the first time under this Administration, all of the ASEAN nations receive some form of bilateral military assistance. We plan significant increases in foreign military sales credits for Thailand, Indonesia, the Philippines, and Malaysia in FY 1981 and beyond. There will also be a major increase in the number of students trained from all five countries under the international military education and training program (IMET). In addition, the ASEAN nations themselves buy considerably more U.S. arms and training than we finance through aid, and we will be responsive to requests for future purchases as outlined in the new arms transfer policy.

Our economic ties with ASEAN are growing tighter as they keep pace with the rapidly expanding economies of the member countries. Total trade now exceeds $21 billion a year, with a surplus in ASEAN's favor of over $3 billion. ASEAN countries are a principal source for U.S. imports of tin, rubber, timber, sugar, palm oil, and copra; and two of them export crude oil to the United States. The dynamic ASEAN economies provide an attractive and important market for U.S. industrial and agricultural exports. U.S. investment in the five ASEAN states now totals over $4.5 billion; these countries all recognize the access to capital and technology which foreign investment brings and they actively promote American investment.

I would like to touch on one final element in our bilateral relations, often overlooked but becoming more important and with great potential for our future ties. That is the social and cultural nexus formed by the tens of thousands of citizens of the ASEAN countries who receive their education in the United States every year. These educational ties profoundly influence for the better the way the ASEAN leaders and people perceive this country, and we encourage them.

Relations with ASEAN as an Organization

ASEAN was founded in 1967 on the basis of common interests. The aggressive behavior of Vietnam since 1975 has given great impetus to its solidarity, and the organization has become a significant force in world politics. U.S. policy has been and will continue to be to encourage this trend.

ASEAN's unity of purpose lies behind its effectiveness as a political organization. The member countries approach international issues with different philosophical perspectives borne of their diverse history. Each has its own view of the ideal way to achieve a solution in Kampuchea, put a stop to the refugee flow, or deal with China. Yet time and again, after the issues have been aired and the options pondered, ASEAN has managed to come up with a common approach to the problems it confronts. Unity has become an imperative for the ASEAN countries, and the effectiveness of their organization is best seen in the search for a solution to the Vietnamese occupation of Kampuchea. A unified stance on Kampuchea at the United Nations and elsewhere has greatly strengthened ASEAN's hand against Vietnam and has preserved for it the diplomatic initiative.

Because ASEAN is a cohesive, effective organization, it is our policy to consult with it formally on all major issues in Southeast Asia and on some outside the region. I or other Administration officials meet regularly with the ambassadors of the ASEAN countries, the ASEAN Washington committee, either at our initiative or theirs. We increasingly deal with ASEAN as a group at the United Nations and other international fora. The Secretary of State now meets regularly with the ASEAN foreign ministers following their annual meeting, as Secretary Haig did in Manila last month. We also have a formal annual dialogue session on economic issues at the subcabinet level where we have developed a program of multilateral aid, narcotics assistance, and cultural exchange.

The past 2 years have seen the creation of a most significant instrument for the ASEAN-U.S. relationship, the ASEAN-U.S. Business Council. The free-market economies of the ASEAN countries and the United States mean that the private sector plays a major role in bilateral economic relations between the member countries and the United States. For the same reason, as ASEAN develops over the years into a vehicle for economic integration of the

John H. Holdridge was born in New York City on August 21, 1924. He received his B.A. degree from the U.S. Military Academy (1945) and then served overseas with the U.S. Army (1945–47).

Ambassador Holdridge joined the Foreign Service in 1948. Following Chinese language training at the Foreign Service Institute, he went on to Chinese language-area studies at Cornell University; he had additional China studies at Harvard beginning in September 1949.

He went to Bangkok (1950) as an information officer, followed by assignments to Hong Kong (1953) as political officer, and Singapore (1956) as chief of the political section. He returned to the Department of State in 1958 as an international relations officer and in 1960 was made officer-in-charge of political affairs in the office of Chinese relations. Ambassador Holdridge returned to Hong Kong (1962) as chief of the political section. In 1966 he was Deputy Director of Research and Analysis for East Asia-Pacific in the Department of State; in 1968 he became director of that office.

Ambassador Holdridge was assigned to the National Security Council in April 1968. In April 1973, he went to Beijing as Deputy Chief of the U.S. Liaison Office. He was U.S. Ambassador to Singapore from July 1975 until 1978 when he served as national intelligence officer for East Asia in the National Intelligence Council. He was sworn in as Assistant Secretary for East Asian and Pacific Affairs on May 28, 1981.

Ambassador Holdridge is a recipient of the Department of State Superior Honor Award (1967) and the Christian Herter Award (1975). In 1979 he was awarded an honorary degree (LL.D.) by Elmira College.

member states, cooperation and coordination among businessmen from within and outside the member countries must grow. The ASEAN-U.S. Business Council, formed by the ASEAN Chambers of Commerce and Industry and the Chamber of Commerce of the United States, provides a forum for such cooperation. ASEAN-U.S. Business Council activity also contributes to increasing public consciousness of ASEAN in this country. Recent council-supported conferences have carried the ASEAN name to Kansas City, San Francisco, and Detroit.

Indochina

I would like now to turn to Vietnam and Kampuchea because it is the topic of most intense discussion between the United States and ASEAN at the moment. It was the main theme of the recent ASEAN foreign ministers conference in Manila, and, of course, of the U.N. conference in New York this week. The key issue which guides the attitudes toward Vietnam of the ASEAN countries and the United States is Hanoi's occupation of Kampuchea. It is intolerable to acquiesce in a situation created by an invading army and perpetuated by a massive occupation by foreign troops. We hold no brief for the Pol Pot regime thrown out of Phnom Penh by the invading Vietnamese. It was abominable in its treatment of the Khmer people, and we can under no circumstances favor its return to power. This does not mean, however, that either we or the ASEANs can accept the status quo created by Hanoi in Kampuchea.

MIA Problem. There are, of course, other issues that bear on our relations with Vietnam, including accounting for as many MIAs [missing-in-action] as possible and the continuing flow of refugees from Indochina. This Administration is committed to obtaining the fullest possible accounting for Americans missing in action in Southeast Asia. All reports suggesting the presence of American prisoners in Vietnam and Laos are carefully checked. None of these reports has yet been substantiated, but all reports, from refugee and other sources, are given serious, continuing, high-priority attention. The Vietnamese and Lao Governments continue to assert that no Americans are held captive. However, they have done little to substantiate that assertion by providing information even on the cases of persons known to have been captured alive, whose fate has never been disclosed. We are convinced that these governments do have considerably more information available to them, and we will continue to press them to provide the accounting of our missing people which we have so long sought.

Refugees. The outflow of refugees from Indochina, while not as large as a few years ago, continues. Fortunately, because countries like Thailand, Malaysia, and Indonesia grant first asylum to these refugees and because we and other countries continue to take in substantial numbers for resettlement, the refugee problem is manageable for the time being. It is vital, however, that American hospitality toward these refugees continues. This is not only in keeping with our humanitarian tradition, but it contributes to the economic and political stability of the ASEAN countries by helping them carry what would otherwise be an intolerable burden.

Vietnamese Occupation of Kampuchea. But the central issue in U.S. policy toward Vietnam is the occupation of Kampuchea, and that is why we will continue to keep pressure on Hanoi. In this we and ASEAN are in full agreement: The course of action most likely to result in the removal of Vietnamese troops from Kampuchea is to make the occupation as costly as possible for Hanoi. We will continue a process of diplomatic isolation and economic deprivation until Hanoi is prepared to follow the will of the world community as expressed in two consecutive U.N. General Assembly resolutions and agree to troop withdrawal, free elections, and an end to outside interference in Kampuchea. This policy of isolation and pressure is, of course, supplemented by the presence on Vietnam's northern border of hundreds of thousands of Chinese troops and the continuing guerrilla activity of several resistance groups inside Kampuchea.

When Hanoi is prepared to withdraw from Kampuchea and when it is no longer a source of trouble to the entire region, the economic and political pressures which now weigh heavily upon that country can be lifted. It is Vietnam which has chosen its current isolation and its heavy dependence on the Soviet Union. Only Vietnam can end that isolation. It is in no one's interest to have a permanently hostile Vietnam on the borders of ASEAN and neither ASEAN nor the United States seeks permanent hostility. But I want to make it clear that the United States will not consider normalizing relations with Vietnam until Vietnam changes its present policies.

Conclusion

This Administration is convinced that the overwhelming preponderance of U.S. interests in Southeast Asia lies in the ASEAN countries and that our efforts should be toward strengthening bilateral ties with those countries as well as with the organization itself. Our concern with Vietnam is a function of the threat which Vietnam poses to ASEAN through its aggression in Kampuchea and through its relationship with the Soviet Union. The latter has established its military presence in Vietnam and is clearly bent upon expanding its political influence in Laos and Kampuchea. ASEAN understands fully the nature of this bargain between Vietnam and the Soviet Union, which is costing the Russians millions of dollars per day, and the threat it poses to the region's non-Communist states. Our policies in the region are supportive of ASEAN not only because of our concern over Vietnam and the Soviet Union but, more positively, because ASEAN represents by far the best hope for continued stability and prosperity in Southeast Asia. We welcome ASEAN's success. We will encourage it, and we will strengthen it with every appropriate means.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

July 19–21 is the seventh annual meeting of the heads of government. In comparison with previous summits, we expect the discussion to be more freewheeling and the communique less detailed. With this session, the first round of summits will have been completed. We believe that these summits have been valuable thus far as a forum for an intimate exchange of views among heads of government.[2]

Conclusion

Given the complexity of global U.S. interests, it is risky to pick out a few guiding themes for U.S. foreign economic policy. Let me conclude by trying to do so nonetheless.

First, in all aspects of our foreign economic policy the United States needs to integrate to the fullest our economic and our security interests.

Second, the Administration believes in the efficiency of the marketplace and had considerable skepticism about the effectiveness of government efforts to supplant it. This belief will affect the Administration's views on the policy tools it believes our government and others should use in pursuit of our economic and foreign policy objectives.

Third, the Administration is persuaded that a more effective integration of the world economy is essential to our well-being both economically and politically. Vigorous and fair trade, a world investment climate which encourages the development of productive enterprises, smoothly functioning financial markets, and the sound economic expansion of the developing countries—these are the key requirements for a more integrated world economy. Moreover, they contribute to an international environment in which the United States can more effectively pursue its broader foreign policy goals.

Fourth, we are aware of the economic interdependence between the United States and our allies and the ramifications U.S. economic policy has for political relations. We believe that the President's economic recovery plan will lay the foundation not only for a more vigorous U.S. economy but also for stronger and healthier ties with our allies. We have also sought more directly in these first months to bolster our general economic relationship with the other members of the Western alliance. Our initiatives to enhance energy security, to place East-West trade in a broader political context and to reduce tensions resulting from trade issues have resulted in a generally good spirit of mutual cooperation within the alliance.

Looking toward the Ottawa summit, our allies generally support our desire to move away from a discussion of detailed economic issues that characterized past summits to a more general and freewheeling discussion among heads of state which would seek to highlight the areas of shared perceptions. We are confident that this spirit will help the summit countries—and the Western alliance—meet the challenges of the next decade.

I have sought to provide the committee with a broad brush view of the Administration's international economic policies. Nevertheless, I would like to reiterate that the Administration is still in the process of reviewing important elements of that policy. As we progress in fleshing out our policies in these critical areas, I will, of course, be prepared to keep the committee fully informed and to come back and discuss these vital issues with you.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] Documentation on the economic summit was published in the BULLETIN of August 1981.■

U.S. International Economic Policy and Its Impact on LDCs

by Myer Rashish

Address before the Korean-American Association in Seoul, Korea on June 23, 1981. Mr. Rashish is Under Secretary for Economic Affairs.

I am very pleased to be able to be with you this evening to speak to the Korean-American Association. I would like to use the occasion of the first U.S.-Korea economic consultations of this Administration to outline for you the international economic policy of the Reagan Administration. After that, I would like to focus on our relations with the developing countries, and with Korea in particular, in the context of overall international economic policy.

Before passing to the main topic, however, I would like to underline the major role that the United States will continue to play in meeting its international and regional security commitments. These security commitments are necessary for a stable economic growth environment throughout the world, and especially, here in Northeast Asia. Both of our nations make major sacrifices for the maintenance of international security, and I want to assure you that Korea's contributions to the effort are recognized in Washington.

Having fought side by side in two major armed conflicts and having maintained a close defense relationship for many years, the United States and Korea are both intensely aware of the dangers to both economic and political stability of armed conflict. The importance we attach to our alliance and to mutual security was reaffirmed in the February 2 summit meeting between President Chun [Doo Hwan] and President Reagan. It was highlighted again at the April security consultative meeting between Minister of Defense Choo Young Bock and Secretary of Defense [Caspar W.] Wienberger in San Francisco. We continue to accord the highest priority to the deterrence of hostilities on the Korean Peninsula, a priority which reflects our conviction that peace in Northeast Asia is fundamental to our own security interests and relationships.

STRUCTURE OF U.S. INTERNATIONAL ECONOMIC POLICY

Since January 20, the Reagan Administration has been conducting a careful and thorough examination of our international economic relations. This review stems from the President's view that international economic policy is increasingly becoming the very stuff of foreign and security policy. While some elements of this examination are still underway, the broad outlines of the structure of our international economic policy have taken form.

Domestic Economy

We intend to get our own economic house in order. We consider a sound

U.S. economy to be a basic prerequisite to a healthy international economy. Economic growth and structural change throughout the developing world have gradually increased the relative share of the developing countries in world output, but the United States continues to account for nearly one-fourth of the total. This preponderance inevitably means that our economic trends have important international repercussions.

Briefly, the Reagan Administration intends to carry out economic measures that will:

- Sharply cut government spending to reestablish fiscal integrity;
- Restore incentives to the private sector by moderating tax burdens;
- Eliminate excessive regulation of the U.S. economy; and
- Control the growth of the money supply.

This is an ambitious economic program, and its implementation will require some difficult adjustments. Nevertheless, in only 5 months in office, the Administration has already demonstrated that it is both willing and able to take the difficult steps that are necessary to restore the U.S. economy to a path of noninflationary economic growth.

Energy

We are giving highest priority to energy in our international economic relations. One cannot look back over the past 8 years without appreciating the overriding impact of uncertain supply and high and rising energy prices on the world economy in general and on a country like Korea, in particular. The energy problem has led to slow economic growth, has intensified inflation, created serious balance-of-payments difficulties, harmed the development prospects of most developing countries, and adversely affected the national security of the United States and other countries.

To respond to this problem, this Administration is emphasizing, in the first instance, market-oriented policies to enhance supply and restrain demand. A key element was the President's early decision to implement full decontrol of domestic oil prices; this has reinforced our strong performance in conserving oil and stimulating exploratory drilling.

Institutional and Regulatory Problems

We are also making increased efforts to resolve institutional and regulatory problems inhibiting the use of alternatives to imported oil, particularly nuclear energy and coal. We are also increasing our ability to cope with possible supply disruptions in imported oil. We are increasing our own national strategic petroleum reserve, and we are urging our friends and allies to strengthen their ability to protect their economic systems from the effects of another oil supply disruption. In this regard, we consider that national inventories can play a key role in cushioning the impact of interruptions and allowing alternative solutions, where appropriate, to be formulated.

Trade

We continue to support an open international trading system. Much progress has been made over the past decade in reducing barriers to international trade. The Tokyo Round of tariff negotiations laid the basis for progress on the "rules of the game" regarding nontariff issues, such as export subsidies, dumping, and international bidding for government contracts. We need to implement the codes agreed at the Tokyo Round in these areas, in order to develop greater international discipline and a body of case law to assure fair treatment.

We need also to move beyond the Tokyo Round in the next few years to other trade areas that have hitherto not been the subject of much international discipline. Trade in services and potential trade distortions from the investment performance criteria and incentives adopted by a number of countries are but two examples that come to mind. In both areas we need to develop an international consensus that will facilitate trade and discourage backdoor protectionism.

While the United States, like all other countries, occasionally finds itself in situations where it is forced to make difficult decisions in the trade field, I would like to point out that the United States continues to be the most open market in the world for imports. This access has been particularly important to the development of low-income countries and is most apparent in trade in manufactured goods.

In 1979, the U.S. market absorbed nearly half of all OECD [Organization for Economic Cooperation and Development] country imports of manufactures from the developing world—a share much larger than our share of the aggregate GNP of the OECD countries. Altogether, non-OPEC [Organization of Petroleum Exporting Countries] developing countries provided 23% of all U.S. imports of manufactured goods in 1979.

Korea has been one of the countries that has particularly benefitted from this openness. Our imports from Korea rose from $370 million in 1970 to $4.4 billion in 1980, thus making an important contribution to the structural transformation of the Korean economy.

Developing Countries

The fourth element of our international economic policy is a continued strong commitment to the economic development efforts of developing countries. We are continuing to maintain a large foreign aid program. Despite the widespread cuts in our overall budget, which I mentioned earlier, the Reagan revision of the FY 1982 budget proposes an 18% increase in foreign aid appropriations over the previous year. We have also reaffirmed our intention of fulfilling the commitments made by the previous Administration to the multilateral development banks.

I would like to note, however, two important changes in the direction of our aid policies.

First, we intend to tie our foreign aid policies more closely to our overall economic, political, and security interests. This is one element of our effort to restore coherence to our foreign policy and to reassure our friends and allies of our continued support for their efforts.

Second, we intend to increase our support for private sector participation in the LDC [less developed countries] development effort. Quite often, the private sector can accomplish what the public sector cannot do efficiently. The Administration will be looking for new ways of making it attractive for American business to be involved in the economic development of lower income countries.

As a signal of his concern about the problems of developing countries and his willingness to search for solutions to these problems, President Reagan recently accepted a personal invitation from Mexican President Lopez Portillo to attend a North-South summit meeting later this year in Cancun, Mexico, to be hosted by Mexico and Austria. We hope that the Cancun meeting will provide an opportunity for constructive interchange on the important policy problems facing developed and developing countries—such as energy issues and the

E–3A Aircraft

The E-3A is a modified Boeing 707 aircraft with added surveillance radar, computer, and communications equipment. It provides an overall air surveillance capability with command, control, and communication functions and can detect and track aircraft at high and low altitudes, over both land and water. The E-3A airborne warning and control system provides real time and longer-range target detection, identification, and tracking.

The most prominent feature of the E-3A is the large rotating rotodome that houses radar antennas. The E-3A has been fitted with an air refueling receptacle that allows extended time on station.

Radar Range. Radar detection ranges for low-flying (200-ft. altitude) small fighter aircraft is 175 nautical miles from normal AWACS mission altitude (29,000 ft.). Medium-size targets can be seen at 240 nautical miles if they are above the radar horizon. Detection range for high-altitude bomber-size target aircraft is 360 nautical miles. Ground targets (tanks, trucks) cannot be detected or tracked. Only airborne targets moving at speeds greater than 80 mph are seen. Small maritime targets can be detected and tracked in low-moderate seas; medium-large maritime targets can be detected and tracked in moderate-high seas.

Crew Size. Normal crew is 17: 4 in-flight crew and 13 in-mission crew (controllers and technicians).

Availability

- Through foreign military sales beginning 48 months after approval.
- Aircraft cost is estimated to be $1.7 billion, including spares, technical data, support equipment, and training.
- Other purchasers: NATO.

Anticipated Deployment Location. Riyadh for approximately 1 year and then Al Kharj.

Quantity Required. RSAF has requested five E-3A aircraft.

Estimated Additional Manpower Requirements.

- Aircrew: 170, two cockpit and mission crews for each aircraft.
- Five E-3A aircraft require approximately 360 maintenance personnel. This would allow Saudi Arabia to maintain one 24-hour AWACS orbit for 1 week during periods of high tension.

Estimated Program Cost. $5.8 billion.

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will not measurably increase Saudi offensive potential. The Israeli Air Force is far more capable than other, more likely, Saudi adversaries, such as Iran or South Yemen.

Saudi Arabia fully recognizes that Israeli's air defense system (including pilots, aircraft, surface-to-air systems, and crews) is exceptionally capable and that undertaking Saudi missions into Israeli airspace, either to engage Israeli aircraft or strike Israeli targets, would be prohibitively costly. Moreover, Saudi aircraft are already theoretically capable of reaching Israeli targets from existing Saudi airbases, with or without CFTs or tanker aircraft.

Topography of the Region. As mentioned, AWACS deployed near the oil fields will greatly increase Saudi warning of an air attack. To provide coverage of Israel, however, the AWACS would have to be deployed along Saudi Arabia's northernmost border or over Jordan or Syria. Even then, because Israeli and Jordanian terrain is very rugged, AWACS radar coverage would be masked in some areas. Consequently, Saudi deployment of AWACS near Israel would provide little improvement in Saudi warning time but would dramatically increase the vulnerability of AWACS to Israeli attack and destruction.

Five AWACS aircraft would provide the Saudis with the capability to maintain one continuous (24-hour) AWACS orbit, and that for a limited period. This fact means that any AWACS deployments to other parts of Saudi Arabia would necessarily come at the expense of full coverage of the eastern province.

Limitations of AWACS. Saudi AWACS will be an overwhelmingly defensive system; it is essentially a flying air defense radar. AWACS cannot detect ground targets nor can it collect electronic, signal, or photographic intelligence.

If the Saudis chose to expose their AWACS by operating close to Israel, the aircraft could collect data on Israeli air activities. However, this information would be highly perishable, most of it being valuable only for a few minutes following its collection. Therefore, without a sophisticated computerized communications network in other Arab countries—which only the United States could provide—little, if any, of this information could help in a collective Arab attack on Israel. Information derived from AWACS could be sent in the clear to other Arab forces, but such communications could be easily jammed by Israel.

Data on advancing Israeli aircraft could not be supplied in a timely manner or with enough accuracy to enable other Arab forces to react effectively. Although AWACS-derived information could provide some warning of preemptive Israeli airstrikes, such warning would not alter the overall Israeli military superiority or the likely outcome of a war between Israel and the Arab states.

U.S. Personnel. The nature of the AWACS is so complex that U.S. contractor personnel will be required to maintain key elements of the system for its entire life. It is, therefore, extremely unlikely that any unauthorized use of AWACS could go undetected. The withdrawal of U.S. support for the Saudi AWACS would quickly result in the system becoming nonoperational.

Thus, the proposed air defense package has the unique qualities of being most effective against hostile aircraft over the oil fields, while being of marginal value in any hypothetical war against Israel.

Conclusion

The proposed sale of the air defense enhancement package to Saudi Arabia serves our national security interests in five ways.

First, the sale clearly helps the Saudis defend themselves. The AWACS and other elements will bolster Saudi early warning and air defense capabilities and enable them to defend their oil facilities from air attack.

Second, the sale will help restore our credibility as a reliable security partner in the region, something that is essential if local countries are to believe that the benefits of embracing our strategy outweigh the costs.

Third, it helps meet some of our own military needs in the gulf. To be able to respond to air threats to gulf oil facilities if called upon, we must have available an early warning air defense network. The Saudi AWACS could be the foundation of such a network.

Fourth, with AWACS and the other enhancements, we will be providing an extensive logistics base and support infrastructure, including spare parts, facilities, trained personnel, and specialized test and maintenance equipment which is fully compatible with equipment which would be deployed with U.S. forces. Having such access in Saudi Arabia would, therefore, facilitate deployment of U.S. tactical air forces to the region in time of need, if so requested.

Fifth, insofar as the sale highlights our commitment to Saudi security and is also specifically tied to our broader strategy of countering Soviet and Soviet-proxy threats in the region, it also provides a positive foundation for more extensive U.S.-Saudi security cooperation over time.

We cannot force our regional friends to cooperate directly with us. But we can and must take steps with each that demonstrate our seriousness and our commitment to regional security. This package not only will improve the defensive capabilities of key regional states to protect our mutual vital interests, it will also contribute to restoring the image of U.S. power and the value of U.S. friendship in the area. In the long run, it is the restoration of U.S. power and credibility that offers the best guarantee against Soviet threats to the region and radical efforts to undermine the peace process. Selling AWACS and other enhancement items to Saudi Arabia constitutes a necessary step in the process of working toward these broader goals.

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[1] Identical letters addressed to Senate Majority Leader Howard H. Baker, Jr., Senate Minority Leader Robert C. Byrd, Speaker of the House of Representatives Thomas P. O'Neill, Jr., and House Minority Leader Robert H. Michel (text from Weekly Compilation of Presidential Documents of Aug. 10, 1981). ■

AWACS and Saudi Ground Environment

Saudi Arabia plans to upgrade the existing ground environment portion of its air defense system, which was acquired in the late 1960s. The ground environment improvements package encompassing modernization of the RSAF command, control, and communication system will be included in the full RSAF enhancement package sent to Congress.

These ground environment enhancements are necessary, in combination with the five E-3A AWACS aircraft, to provide the RSAF with an effective, fully integrated air defense surveillance and command, control, and communication system.

The planned improvements in the Saudi ground environment system are based on a 2-year command, control, and communication master plan study conducted by the U.S. Air Force for the RSAF. The planned upgrade includes new hardened command and control facilities, new data processing and display equipment for those facilities, and improvements to the ground radar surveillance network through replacement of existing radars and addition of new sites to extend coverage.

The AWACS would significantly augment ground environment surveillance capability and provide command and control flexibility through its interface with ground environment by means of ground entry stations. The stations, located at command and control facilities and other selected locations for optimum radio coverage, provide communications and processing equipment for data exchange compatibility between AWACS and ground environment data processing systems.

The ground environment improvements will take about 6 years to complete. The total cost of this program to the Saudis is estimated to be $1.5 billion. The Saudis plan for the radars to be jointly acquired and operated by the RSAF (10 systems) and the Presidency for Civil Aviation (12 systems).

U.S. Planes Attacked by Libyan Aircraft

Following are a news briefing by Secretary of Defense Casper W. Weinberger and Lt. Gen. Philip J. Gast, USAF, Director of Operations of the Joint Chiefs of Staff, held August 19, 1981, and three State Department statements of August 19.

NEWS BRIEFING, AUG. 19, 1981

Secretary Weinberger. Two U.S. Navy F-14 aircraft, involved in a previously announced routine exercise in international airspace over international waters in the south central Mediterranean, were attacked early this morning by two Libyan SU-22 fighter aircraft.

After being fired upon, the F-14s, based on the U.S. aircraft carrier *Nimitz*, took action in response and shot down both Libyan aircraft at 1:20 a.m., EDT, this morning. The U.S. Government is protesting, through diplomatic channels, this unprovoked attack which occurred in international airspace over 60 nautical miles from the nearest land. The exercise is continuing as planned.

The President was notified this morning and approved the actions taken and the continuance of the exercise. The entire National Security Council network was alerted in connection with this event immediately after it happened, including the Vice President and the other members of the National Security Council. The congressional leadership was notified, and, of course, we regret very much that the Libyans took this action and brought about these consequences.

Q. You said in international waters. The Libyans, of course, are claiming those waters as their own. Was our being there in any way a provocation to them?

Secretary Weinberger. No. I couldn't consider it a provocation because they are international waters; there's no basis for any claim in the area where this incident took place that they were national waters or anything other than international waters.

Q. Were there any casualties?

of the moderates and they don't give you much chance of prevailing. How would you analyze that? What can you tell us about that?

A. I suppose that is the most unprecedented label I have received yet, that I am on the side of the moderates. I have usually been accused of being somewhat to the right of Ghengis Kahn. But, that being the case, let me tell you nothing could be farther from the truth. I have never worked with an Administration—I have worked with five—in which the philosophic compatibility was more uniform and more in tune with the views of the President of the United States, who, after all, is the elected official and whose views must be the deciding factor in any policy issue.

No. I don't accept that premise at all. And I have seen a lot of speculation and scorekeeping about Cap Weinberger and myself. I have never seen a situation in which a Secretary of Defense and a Secretary of State were in closer gee with respect to the broad philosophic and policy directions that this country should take.

Now, it doesn't mean that, as a Secretary of State with diplomatic and foreign policy responsibilities, that I am not going to differ from time to time with a man who must manage the defense establishment of the United States. But, the bottom line that unites the both of us is the vital interest of this country. And I can assure you Cap and I are in very close gee on those subjects.

Q. I will give you one example. On the subject of how we deal with the Europeans, you certainly seem to be much more concerned about taking European consideration into account on a decision. And Mr. Weinberger seems to think that the Europeans, because of the new pacifism, they really almost don't have to be worried about.

A. No. I think that would be a bum rap to hang on Cap, just as it would that I am preoccupied with their concerns. It is a foreign policy matter for me to be sensitive to European concerns and to be sure that, to the best of our ability, we meet those concerns. After all, the reality of the current strategic environment is interdependence. The United States no longer has the luxury of proceeding alone. We see it every day from Medfly today to air controllers, which are seemingly domestic questions, but which have profound international implications. Surely, we have to do this.

And it is my responsibility to alert the President to concerns in this area. It is not Cap's. Were he to be a proponent for that, he would probably be out of his own reservation. But it doesn't mean that we are in fundamental difference on any issue. And I am not aware that we are.

Q. You were fond, back when you took office, of quoting the Jackson subcommittee hearings on national security, when you were the vicar of the President on foreign policy before your vestments got a little ruffled. In that, they quote "the success of a Secretary in influencing his colleagues is directly related to the President's confidence in him and reliance on him." Do you now, after a stormy passage, have that?

A. I am very, very comfortable with my relationship with President Reagan. There hasn't been an issue that I have been confronted with since I have been here that I haven't had a hearing and, in most cases, that I have not been sustained. Where I haven't, and I think of two particular cases—and that's all—I understood completely why the President, with his broader responsibilities, had to go the way he did.

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[1] Press release 287 of Aug. 24, 1981.■

News Conference of August 28

Secretary Haig held a news conference at the Department of State on August 28, 1981.[1]

Q. With respect to the proposed sale of AWACS [airborne warning and control system] aircraft to Saudi Arabia, we've been told there will be restrictions on the use of those aircraft. Could you tell us what those restrictions are, including whether they would prevent Saudi Arabia from using the planes near Israel?

A. First, I wouldn't like to describe the transfer conditions or transfer arrangements that we will work out with the Government of Saudi Arabia as necessarily restrictions; I think that's the wrong term. And I would want to underline that there are certain arrangements which will become known when the consultations start on the Hill. We feel we have an obligation to discuss these matters with the members of the Senate and the House. Until that time happens, we have, of course, urged everyone—as I have been urging—that they hold their judgments on this admittedly controversial sale until they have the benefit of the full briefings that will be provided, which will include transfer arrangements, with which I must say today that we in the executive branch are very happy.

Q. The Administration acted firmly in pledging to protect its aircraft against attack, yet in this hemisphere El Salvador is under attack with arms which we say are supplied by Cuba. Will the Administration act firmly by going to the source of those arms to cut off the flow?

A. That is a good question for the declining hours of the summer months. I think we've made it very clear that we have two problems in El Salvador. One is to do all possible to assist the political process in Salvador—the quest for social justice, if you will—through the measures that will be taken developmentally—internal economic growth, political improvements—which will permit a pluralistic structure to emerge. Secondly, we have recognized clearly that that process cannot proceed under a set of security conditions which are fed from outside Salvador, led first and foremost by Cuba, with a provision of more than ample funds and resources from the Soviet Union. We feel we must deal with this set of circumstances as well.

That involves the moderate level of assistance we have provided to El Salvador internally to provide for its own internal security at a level which is relatively one-third of what we have been providing for economic development for Salvador. At the same time we are considering a number of other measures involving the problematical source—Cuba. It would be premature for me to go futher than that other than to tell you that we are considering a number of proposed actions in that area.

Q. Last March the Administration said that you expected to have those military advisers in El Salvador out of there by next week, September. Most of those men are still there and now you're adding more, and the other day Dean [Dean Fischer, State Department spokesman] said it was an emergency situation. What's happened to your strategy there? It doesn't seem to be working.

A. It's a two-sided strategy. Clearly, any objective observer—and I know you're one—recognizes that that issue is largely dependent on the activities of the external powers that continue their mischief inside El Salvador: provision of armaments, command and control and direction, and possibly even advisers in certain guerrilla areas. There are some reports of that.

Clearly, you cannot establish unilateral conditions and provide for those that are causing the problems a *carte blanche* to continue on with their activity. We have, incidentally, withdrawn some of the advisers as their work has concluded. We continue to view training outside El Salvador as a very advantageous approach to this problem.

In the meantime, while we had some slackening off following the failure of the offensive in January, we have seen a steady increase. Not as dramatic as it was prior to the offensive in January, but we've also seen a change in tactics. What we've witnessed is a guerrilla movement resort to straight terrorism, the kinds of activities which reflect their failure and frustration in major force operations. They've now gone into an effort in which the main victims of their activity are the innocent noncombatants, the people of El Salvador, in food distribution, in a very sophisticated terrorist approach to destroying the power grid in El Salvador.

The simple facts are that as long as this external assistance and provocation and instigation and direction in leadership continue, we have an obligation to deal with it internally along the two lines that I mentioned, and we must also deal with it externally.

Q. In a few days we'll mark 1 year since the beginning of the Solidarity movement in Poland. And, since that occurred, there have been two occasions—one in December in the past Administration and one the Friday you left for the Mideast trip—when it looked like an invasion was imminent. A two-part question: Why, in your estimation, have the Soviets not moved into Poland? Two, what is your judgment about what they're likely to do in the future?

A. I think it's difficult to predict such situations with unusual precision. I do think that the Soviet leadership—and I welcome the decisions they've made—have concluded, for whatever reason—and there are a host of reasons—that it was not in the Soviets' interests to intervene. That could involve a number of merging factors. One would be the cost of intervention in bloodshed. One could be the consequential obligations of a post-Poland that had been suppressed and which would have to be sustained in economic and human terms. Thirdly, I would hope that the very unified, very vigorous stand of the Western world—especially the NATO alliance, the major European powers—have also contributed to the decision not to intervene. We would hope that situation would continue, and today it looks somewhat better in that sense.

I don't think anyone can predict in the period ahead what directions the internal situation in Poland will take. Clearly, it is a very serious situation today economically, with shortages of food and hard cash. This will require generosity and care on the part of both the East and the West.

We know today that there are internal tensions which are somewhat different than they were in the earlier period of this crisis between Solidarity and the government itself. Our basic objective is to do all we can to permit the situation to evolve and to have that situation evolve based on the wishes and the desires of the people of Poland.

Q. This week South Africa made a deep military penetration into Angola which was denounced by a number of countries, and even your own department saw fit to deplore the action. I wonder if you could tell us what impact this incident will have on your policy of improving relations with South Africa, and also what effect you think it will have on your effort to solve the Namibia problem?

A. Let me set the record straight in the context of the statement we made here on that situation. We said we deplore any escalation of violence in southern Africa regardless of its source. That's somewhat different from what I think your question suggests. Clearly, any such escalation of violence inhibits and makes more difficult the peace process that we are seeking to push forward with respect to the early independence of Namibia on the basis of U.N. Resolution 435.

But we've also said with respect to this particular incident that a number of factors have to be weighed in drawing value judgments—not just the act of the South African Government but also the fact that in Angola today, 6 years after its independence, there remains a large contingent of Cuban forces and Soviet advisers; that we have watched the shipment of quantities of Soviet armaments into Angola; and that these armaments have been used to refurbish SWAPO [South West Africa People's Organization] elements that move back and forth freely across that frontier and inflict bloodshed and terrorism upon the innocent noncombatant inhabitants of Namibia.

All of these factors must be assessed in considering both the implications of this recent incident, which we view as deplorable in the context of its escalation of the violence and the inhibitions that it presents to us as we are continuing to seek that independence of Namibia today, with some progress I may add.

Q. With respect to the aerial challenge with Libya and North Korea, is it your view that the radical "Communist" states are perhaps testing the Reagan Administration? Or, can it be seen the other way, that the Reagan Administration is testing the other states? Or does it just happen to be a couple of coincidences?

A. I wouldn't happen to view it from either perspective. I think the situation in the bay off Libya was a test that was made of the proper, legitimate exercise of the use of international waters and air space. As I say, in the

Libyan Interference in Chad

by Chester A. Crocker

Statement before the Senate Foreign Relations Committee on July 8, 1981. Mr. Crocker is Assistant Secretary for African Affairs.[1]

I am grateful for the opportunity to appear before this committee to discuss a matter of serious concern to us: the growing intervention of Libya in Africa and elsewhere.

Under Col. [Muammer] Qadhafi, Libya has adopted a diplomacy of subversion in Africa and in the Arab world. It is a diplomacy of unprecedented obstruction to our own interests and objectives. Qadhafi has tried in every way he could think of to obstruct our efforts to achieve peace in the Middle East. He has sponsored subversion from Africa to the Philippines. He has actively supported international terrorism, using assassinations abroad as an instrument of his policy.

From the outset of this Administration, both President Reagan and Secretary Haig have expressed clearly our serious opposition to a wide range of Libyan misconduct, including support for international terrorism and interference in the internal affairs of other countries.

Qadhafi's Expansionist Goals

Africa has increasingly become victim of Qadhafi's diplomacy of subversion. His goals seem to be farreaching, possibly to bring about the creation of an Arab-Islamic bloc including Muslims of Africa and the Middle East. Qadhafi sees himself as the spokesman of this group. He has no respect for existing, internationally recognized boundaries; in fact, his vision of a pan-Islamic entity is expressly intended to eliminate these boundaries. His first targets in the creation of such an entity may well be the nations of the Sahel—Chad, Niger, Mali, Mauritania, Senegal—and parts of Algeria. Thus Libya's announcement last December of a merger with Chad was not mere hyperbole; it was a real expression of Qadhafi's expansionist goals to absorb his Arab and Muslim neighbors in a Libyan-dominated state.

In order to achieve his aims on the African Continent, Qadhafi has used a variety of methods.

- He has drawn people from neighboring states—often under false pretexts—into Libyan military contingents.
- He has funded African political parties.
- He has given financial assistance to African opposition newspapers.
- He has provided budgetary support to certain African Governments.
- He has used Libyan diplomatic and commercial airlines facilities to support clandestine operations.
- He has intervened with military force in the internal affairs of African nations.
- He has been charged by several African nations with the impressment of their nationals for military training.

Let me give some examples of Qadhafi's diplomacy of subversion in Africa. Presidents [Seyni] Kountché of Niger, [Moussa] Traore of Mali, and [Jaafar] Nimeiri of Sudan have charged the Libyans with attempts to overthrow their governments. The Governments of Senegal and The Gambia have charged the Libyans with imprisoning their nationals and putting them into military training against their wills.

Qadhafi has long been involved in the civil strife of Uganda, using Libyan troops in support of Idi Amin. The civilian, democratically elected government of Ghana charged Libya with internal subversion when it expelled Libyan diplomats. And we are now noticing an increased Libyan presence and financial investment in the Indian Ocean nations. Libya's military intervention in Chad is perhaps the most dramatic of Qadhafi's recent actions.

Sub-Saharan African nations have not been the only victims of Libyan interventionism. Last year, apparently at Qadhafi's direction, a number of armed guerrillas sought to take over the central Tunisian town of Gafsa. This outrageous inervention in Tunisian affairs, apparently with the expectation that the Tunisians would rise in support of the infiltrators against their own government, has profoundly troubled the government of a country with which we have long enjoyed a very close and special relationship. Tunisia was thus required to prepare itself militarily for a possible repetition of this type of incident. Tunisia hopes to be able to do this without subtracting from the resources that it has devoted to its successful economic development program. For this reason the Administration has sought a greatly increased FMS [foreign military sales] program for Tunisia.

Qadhafi has also meddled in the Middle East. He has long supported Palestinian terrorist organizations' attacks on Israel and elsewhere. Most recently, in what can only be seen as an effort to interfere with a reasonable solution to the most recent tragedy in Lebanon, Libya has introduced sophisticated weapons and trained personnel into Lebanon during the highly volatile period of the last few weeks. Whereas other Arab states have counseled together and with us to seek a peaceful solution, Libyan efforts seem clearly designed to create the opposite outcome in Lebanon.

Libya has been supporting the POLISARIO [Popular Liberation Front for Rio de Oro and Saguia] guerrillas in the Western Sahara. These efforts have been of special concern to the Government of Morocco. In preparation for the OAU [Organization of African Unity] summit in Nairobi last week, however, the Libyans seemed willing to abandon their public support for the POLISARIO for tactical reasons. In fact, during the summit meeting the Libyan representatives said nothing in support of the POLISARIO and offered no interventions in favor of the admission of the SDAR [Saharawi Democratic Arab Republic]. The OAU summit concluded with a resolution calling for the implementation of a cease-fire and referendum in the Western Sahara. We have seen this as a very positive outcome of the OAU summit and praised King Hassan for his initiative in leading toward this outcome. We will be watching very carefully to see if Libya will support this resolution. King Hassan says the referendum can be prepared within 3 or 4 months. President Chadli Bendjedid of Algeria has welcomed the Moroccan initiative as a helpful step. As the candidate to be the next President of the OAU, we hope Libya will give full support to the resolution and to the peaceful process that it will initiate. We will be watching, along with all of Africa and much of Europe, to see if Libya lives up to its obligation to the OAU to support the settlement of the Western Sahara problem. The obvious first responsible step would be for Libya to urge the POLISARIO to accept the cease-fire.

Perhaps the most bizarre and pernicious Libyan policy under Qadhafi has been the claim to a right to murder Libyan dissidents on foreign soil anywhere, a claim repeated by Qadhafi again this spring and one which seems to have led to the assassination of Libyan nationals in several countries.

Before turning to the Libyan role in Chad, let me point out one pertinent aspect of Libya's policies. I am referring to the acquisition of highly sophisticated weapons systems far in excess of Libya's legitimate defense requirements. In 1978, Libya's imports of arms totaled $1.9 billion, second only to Iran.

In the period 1974–78, Libya imported $5 billion worth of arms, of which $3.4 billion originated in the Soviet Union. Libya and the Soviet Union share many common goals in Africa in what might be called a "marriage of convenience." Libya pays for Soviet arms with hard currency. These same arms give Libya the ability to project its power throughout the continent. Under Qadhafi, the instruments of violence have become central to Libya's policies.

Chad

The Libyan intervention in Chad has been the most disturbing manifestation to date of Qadhafi's intentions in Africa. Libyan interest in its southern neighbor is based on ancient religious and tribal ties which have given rise to longstanding, if disputed, territorial claims.

Under Qadhafi, Libya began its territorial occupation of Chad by laying claim to the Aouzou Strip, the northernmost part of Chad which is reputed to be rich in minerals. In 1973 Libyan troops entered the region, and by 1975 Tripoli officially declared its annexation to Libya.

Libya entered Chad in force in October 1980 at the request of the nominal head of the Chadian Government, Goukouni Oueddei. By late 1980 there were 7,000 Libyan troops in Chad and, to date, there has been no significant reduction in the Libyan presence. At one point Qadhafi announced the merger of Chad with Libya, which outraged most African opinion. Despite his later assertion that he is ready to leave Chad any time upon the request of the Chadian Government, he has also publicly stated that he will not be forced out of Chad.

African Reaction to Invasion

Initial African reaction to the Libyan invasion of Chad and the merger announcement was very negative, producing considerable OAU efforts to secure Libyan withdrawal. In an emergency meeting in Lome, Togo, in January, an OAU ad hoc committee issued a communique condemning the proposed merger and calling for the immediate withdrawal of Libyan troops. Libya reinforced its forces in Chad after the Central African Republic requested French troops to protect its border with Chad.

In the intervening months, however, various African attempts to negotiate a Libyan withdrawal from Chad failed. At last month's Nairobi summit meeting, the OAU called for a peacekeeping force but did not condemn Libya's troop presence. We regret that the member states did not issue a strong, unified condemnation of Libyan military intervention in Chad. We know that many African countries are deeply concerned about Libyan activities in Chad and the dangers they pose.

Shortly after the Chadian invasion, Qadhafi made a speech in which he said: "We consider [Niger] second in line to Chad," a statement which many considered to be an implied threat to Niger. Several African states spoke up forcefully at the OAU summit. Yet we must also recognize the vulnerability of many African states and their economic and military weaknesses, making difficult unified opposition to Libyan aggression and subversion.

Nevertheless, there has been an African reaction and a strong one in some cases. Senegal, Equatorial Guinea, and The Gambia broke diplomatic rela-

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Internal Situation in Zimbabwe

LETTER TO THE CONGRESS, JULY 7, 1981[1]

In accordance with the provisions of Section 720 of the International Security and Development Cooperation Act of 1980, I am submitting the following report on the internal situation in Zimbabwe.

In the period that has elapsed since the last Report to Congress on Zimbabwe, the country has continued to gain political and economic momentum in an atmosphere that can be characterized as both dynamic and stable.

The overwhelming response from Western donor nations and international organizations at the March Donors' Conference, which resulted in $2 billion pledged over the next three to five years, will allow the government to move forward immediately with its economic development program and its plans for reconstruction and land resettlement. The success of the conference vindicated Prime Minister Mugabe's decision to turn to the West for economic and political support and allows the West to play a role in the emerging political/economic structure.

Recently there has been a significant increase in the volume and stridency of public exchanges between the governments of South Africa and Zimbabwe. The exchanges derive primarily from a concern of both countries that the other is giving support to antigovernment groups. Despite this development, there remains a strong basis for cooperation, given the extensive interrelationship between the two countries in trade and communications.

The disarmament process in Zimbabwe is now well on its way to being completed. Approximately 18,000 former guerrillas in seven camps around the country have been completely disarmed. While it is likely that arms caches and illegally armed men are still present in the country, the disarmament that has occurred represents one of the most significant achievements since independence.

There has been some concern expressed by the business community lately on the foreign investment climate in Zimbabwe, with particular reference to the possibility that the government may decide to participate in the sale of Zimbabwe's minerals through a Minerals Marketing Board. Prime Minister Mugabe has publicly stated that his government's policy is to provide an acceptable and effective marketing system for all minerals and metals produced in Zimbabwe with a view to increasing sales and profits. The Prime Minister made a general reference to the Marketing Board again in his May 1 speech but no determination has yet been made about the functions the Board will perform.

Sincerely,

RONALD REAGAN

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[1] Identical letters addressed to Charles S. Percy, chairman of the Senate Foreign Relations Committee, and Clement J. Zablocki, chairman of the House Foreign Affairs Committee (text from Weekly Compilation of Presidental Documents of July 13, 1981). ■

U.S. Relations With China

by John H. Holdridge

Statement before the House Foreign Affairs Committee on July 16, 1981. Ambassador Holdridge is Assistant Secretary for East Asian and Pacific Affairs.[1]

I am pleased to have been invited here today to try to answer your questions about U.S. policy toward the People's Republic of China and Taiwan. To begin, let me review our strategic interests in a sound, healthy relationship with China.

- Our security and that of Japan, South Korea, and our ASEAN [Association of South East Asian Nations] friends has been demonstrably enhanced by the growth of close U.S.-China ties. We gain very positive benefits both in the Asian and in the global balance of forces.
- In the Taiwan Strait, tensions are at an all-time low.
- China is supportive of our global and regional efforts to strengthen our defense posture and alliance structure against expansionism by the Soviets and their proxies.
- Throughout most of the Third World we no longer compete with the Chinese as rivals. Instead our policies are often complementary.
- In short, the U.S.-China relationship is a major component in our global and regional security policies.
- The number of bilateral agreements with China has grown rapidly in the past 2½ years. Trade—including the provision of most-favored-nation status—textile, civil aviation, and maritime agreements have been signed. A consular convention has been approved by the Senate Foreign Relations Committee and submitted to the full Senate for action. Joint economic, commerce, and science committees have been formed and meet regularly to coordinate cooperation in their respective fields. China is eligible for Customs Cooperation Council and Eximbank credits as well as OPIC [Overseas Private Investment Corporation] insurance in order to help support U.S. exports to China. An active consultative relationship has taken shape, through which our two countries seek to discuss and, when appropriate, coordinate our remarkably convergent policies over practically the entire spectrum of global and regional issues.

Both sides have welcomed these developments and look forward to further improvement in the relationship. They form the healthy substance necessary for a viable, long-term relationship. Without going into unnecessary detail, the results have been dramatic. In the first quarter of this year, China became our third leading export market in Asia, behind Japan and the Republic of Korea. It is now our third largest agricultural market in the world. Our ships and planes have begun regularly scheduled service to the other's shores, and tourism is expanding, as is educational exchange and cooperation in science and technology. All of this has been accomplished without detracting from our continued nonofficial relationship with the people of Taiwan, whom we are treating with the dignity befitting old friends.

Reagan Policy Review

The starting point for this Administration's policy toward China can be found in President Reagan's statement of last August 25, that our China relationship is global and strategic and one that we should develop and strengthen in the years ahead. In this context, we undertook an extensive policy review to assess our China relationship on the premise that China is not our adversary but a friendly, developing country with which, without being allied, we share important strategic interests.

- We decided to liberalize further our export controls over dual-use technology sales to China and, perhaps more importantly, to implement the new procedures effectively.
- We are considering possible legislative changes to amend U.S. laws which treat China as a member of the Soviet bloc. We intend to work closely with the Congress on this.
- We concluded that we should revise the regulations on international traffic in arms to permit the licensing of commercial sales to China on a case-by-case basis.

Export Controls

Our export control policy toward China is designed to strengthen our economic involvement in China's modernization by raising the level of technology that will be routinely approved for sale to China. Our interest in a successfully modernizing China is clear. Only the interests of our adversaries would be served by a weak China that had failed to modernize or a China that, in its frustration, had turned away from moderation and cooperation with the West.

Our export controls for China should reflect its role as a friendly, nonadversary state, clearly differentiating China from the Soviet bloc and minimizing the regulatory burden on U.S. companies. We want to help U.S. companies employ their technology edge fully and gain greater opportunities in the China market. Participating in China's economic development benefits business and strengthens bilateral ties. We want to have China look to us as a trusted supplier. Shackling U.S. business would not only cost us money but cause us to miss a unique opportunity to build a viable relationship with a quarter of the world's population.

Legislation

Some statutes remain on the books which inhibit the expansion of our relations with China. Some of these laws were enacted to protect against the difficulties arising from interaction between market and nonmarket economies and should be viewed in this context. Nevertheless, a number of these statutes prohibit cooperation with China by the U.S. Government or private industry due to Beijing's earlier association with the Soviet bloc. As Secretary Haig informed the Chinese during his recent trip to Beijing [June 14–17], the Reagan Administration is currently reviewing such legislation and will seek appropriate congressional action to end past discrimination no longer consistent with our present strategic relationship. We will consult with the Congress closely on this subject.

In particular, we are reviewing the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act (PL 480), the Trade Agreements Extension Act (which prohibits imports of seven categories of furs from China and the Soviet Union), and the Trade Act of 1974.

The restrictions excluding China

from development assistance, PL 480, and the export of furs are based primarily on that country's previous relationship with the Soviet Union and are not consistent with the current global situation. Thus, we believe these laws should be amended. Ending these restraints would not entail any specific U.S. obligations but would bring our laws up to date and remove self-imposed restraints that are not shared by our competitors from Europe or Japan. By doing so we would be improving our flexibility. Such steps as sales of PL 480 grains or extensions of development assistance would still be done on a case-by-case basis, if at all. Indeed, we have no current plans to offer such assistance to China and would only consider such a step following review of its economic consequences and appropriate consultations with Congress.

On the other hand, the restrictions on our relationship with China created by the Trade Act of 1974—including those on extension of the generalized system of preferences (GSP), trade agreement requirements, and market disruption—appear to be based primarily on the special concerns arising from the interaction of market and nonmarket economies. We see no reason to change statutes for China which simply recognize that nonmarket economies operate differently than market economies. This does not mean that we have foreclosed extending GSP to China at an appropriate time, but this would only be done in the context of China's having met the conditions that the law requires of nonmarket economy countries.

Munitions Control

The steady development of our relations with China over the last several years, as well as our evolving strategic cooperation, make it inappropriate for us to maintain the tight controls on munitions exports to China that we do on such exports to adversaries. A flat prohibition on sales to China, a friendly country, chiefly benefits its opportunistic and aggressive neighbor. This decision is not a decision to sell any specific weapons systems or military technology; it will merely enable Beijing to make requests to purchase from U.S. commercial sources any items on the U.S. munitions list, including weapons. We are by no means committed to approving such requests but only to considering them on a case-by-case basis just as we do for all other friendly nations.

We do not expect this to lead to a sudden or uncontrolled surge of U.S. weapons sales to China. First of all, our own intentions are to move slowly, with appropriate caution and to insure that any weapons are only defensive in character. The Secretary made clear in Beijing that, as far as defensive exports are concerned, we intend to proceed in a gradual and careful way, bearing fully in mind the concerns of and, as appropriate, consulting the Congress, our friends, and allies. Thus, we are not seeking to press arms on China or to move recklessly.

Secondly, we do not believe the Chinese will come forward with massive requests. There are budgetary and foreign exchange constraints and practical difficulties in integrating the most sophisticated technology into their own systems.

Neither we nor the Chinese seek an alliance or an otherwise dramatically expanded security relationship. While they view our willingness to consider military equipment transfers as one measure of our intent to pursue a long-term strategic association with them, they also recognize that we still treat them in a different fashion from our close allies, particularly in the sharing of sensitive technology. For us, the critically important thing is that we are now willing, for the first time, to deal with China in this area similarly to the way we deal with other friendly nations—in the Middle East, Latin America, Africa, and Asia.

Foreign Military Sales

In your letter inviting me here, you have asked that I address the question of foreign military sales (FMS) for China. In the absence of FMS eligibility, the legislated $100-million ceiling on commercial exports of defense equipment and services would act as a barrier to large Chinese purchases. The time may come when we will need to address this question, but we are not seeking to make China eligible for FMS cash sales at this time. FMS credits or FMS-guaranteed loans to China are even more premature though we will be prepared to address such issues on their merits, should they arise.

Conclusion

We see these initiatives as natural developments in the positive evolution of our relations with China over the last decade. We intend to implement these policies in a measured, controlled manner, reflective of third-country interests. We do not see a closer relationship with

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North Korea Fires at U.S. Plane

DEPARTMENT STATEMENT, AUG. 27, 1981[1]

We now have confirmation that early yesterday, the North Koreans fired a missile at a U.S. Air Force plane flying in South Korean and international air space. This flight was one of a number of routine flights which have been conducted over a period of years in this area.

The U.S. Government expresses its serious concern at this act of lawlessness which constitutes a violation of international law, the Korean armistice agreement, and accepted norms of international behavior.

The U.N. Command in Seoul has called for a Military Armistice Commission meeting to protest directly to the North Koreans this violation of the 1953 armistice agreement. The U.N. Command side requested that the meeting be held this Saturday, Korea time, and the North Korean side has not yet responded.

In addition we are contacting the Governments of China and the Soviet Union to request that they convey our deep concern over this incident to North Korean authorities and that North Korea avoid any repetition of such dangerous activity.

Both nations have treaties of friendship and cooperation with North Korea. China is a signatory of the military armistice agreement and a member of the Armistice Commission. We believe it imperative to use these channels to impress upon the North Koreans the seriousness with which we view this incident.

We intend to continue to fly these routine flights and will take whatever steps are necessary to assure the future safety of our pilots and our planes.

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[1] Read to news correspondents by Department spokesman Dean Fischer. ■

recycling process. Economic relations with the developing countries in the context of the world economy will also be a topic for discussion at the summit meeting of leaders of the major industrial countries, scheduled for next month in Ottawa.[1]

Effects of U.S. Policy on LDCs

As I have just outlined, our international economic policy has four major elements: sound domestic economic policy, action on energy, liberal international trading arrangements, and financial support for the efforts of the developing countries. Let me now suggest for you how these four policy elements are likely to affect the developing countries.

I would first note that the fourth element—financial support for LDC development efforts—may well be less important than the other three for the future growth of the developing countries. The development process is one in which the efforts of the country itself are paramount, as demonstrated by Korea's own successful experience, and one in which foreign aid can play only a supporting role.

There is significant evidence, for example, that those LDCs which have invested heavily in human as well as physical capital and have pursued export-oriented development strategies have been the most successful. It is also clear that those countries that have pursued a rational pricing strategy have allocated resources most efficiently. And those that have striven to see a broad spectrum of the population share in the benefits of real development have seen their policies amply rewarded. In most cases, development strategies involving these three approaches have involved the emergence of vigorous business sectors. These policy choices have to be made by the developing countries themselves.

Even within the broad category of external financing of development, concentration on the relatively small official aid contributions sometimes leads us to forget the much larger flows from the rest of our economy. U.S. imports from nonoil developing countries in 1979 were $58.6 billion, more than 10 times our official aid flows. The same type of relationship holds for all the Western aid-giving nations as a group. U.S. direct investment in the developing countries runs at or above the level of aid, and LDC use of private capital markets results in commercial bank loans and bond issues far exceeding development assistance. In 1979 alone, commercial banks provided $37 billion to LDCs, while total flows of official development assistance from all OECD countries were $22 billion.

The phenomenal gains in trade experienced by many LDCs over the course of the last 3 decades have been, in good measure, a result of the sustained growth in the OECD countries and a determination, especially in the United States, to keep markets as open as possible. The growth slowdown in the United States and worldwide during the last few years has hurt LDC growth prospects directly. The sooner we and other industrialized countries can achieve an equilibrium of higher growth and lower inflation, the better will it be for LDC growth prospects and the more LDCs will be able to see positive results from export-oriented development strategies.

Let me digress for just a moment on the issue of trade to make two points:

First, it has always struck me as a bit disingenuous to advise developing countries to pursue export strategies if developed countries are unwilling to accept increases in manufactured imports. In this regard, I am heartened by the fact that in the United States we have let the free market operate with a minimum of restraints so that $1 out of every $5 of manufactured imports originates in the Third World.

Second, it is also unrealistic to expect many developing countries to follow the Asian export example unless currently successful LDC exporters are willing to import from the other developing countries.

KOREA

As a corollary to these observations, we intend to attempt to inject a more realistic attitude into consultations and discussions in international forums. Over the past few years the debates in such forums have often tended toward rhetorical posturing. Some would claim that we live in a bipolar world—of North and South or of developed and less developed—when casual observation would suggest just the opposite conclusion: that there is a continuum of countries, ranging from very poor to very rich.

Korea is proof that a country's position on this continuum is not fixed. In only two decades Korea has risen from a country with one of the lowest per capita incomes in the world to a position of considerable industrial strength and economic maturity. This is convincing evidence that a country's real economic interests lie in the promotion of a healthy international market economy.

We believe that greater prosperity for the countries of the world will not be the result of agreements between negotiating teams disputing the meaning of abstract texts in some international forum but, rather, of difficult decisions by individual governments and hard work by their citizens, combined with an open international system that provides a framework for international cooperation on concrete problems.

Oil Price Increases

If oil price increases have created havoc for the Korean economy, the effect has been so much the worse for countries where the economy is not as developed as yours. The two successive OPEC price shocks of 1973–74 and 1979–80 have forced all developing countries to allocate more and more of their meager financial resources to pay for their oil imports and to service their increasing debt burden.

If the maturities on which the oil revenues of OPEC producers are lent to developing countries are too short to allow them to play a useful supporting role in development investment, we must find a way to lengthen these maturities. It is in devising cooperative and creative solutions to such real problems that we achieve real progress.

GNP Growth

Korea stands out as one of the world's economic miracles of the past 2 decades. GNP growth has averaged more than 9% per year—a fivefold increase in total output in 20 years. The fruits of this growth have been widespread throughout the economy and accompanied by substantial improvements in income, housing, education, and health in both urban and rural areas.

The growth of Korean participation in the world economy, evidenced by the annual growth rate in the volume of its exports of 25% between 1960 and 1980, played a central role in this process. Total exports have grown from $40 million in 1960 to above $17.5 billion in 1980.

There has been a tremendous change in Korea's industrial capabilities over the period. As its comparative advantage has shifted from low-skill, labor-intensive products to increasingly sophisticated manufactured goods and machinery, the international economy has been sufficiently open and flexible to make room for these products.

CONCLUSION

It should be clear that our policies seek to maintain the kind of international system that has been important in supporting Korean self-help efforts over the past 2 decades. In this regard, Korea should stand as an example to other developing countries of what can be achieved by initiative, broad-based human resource strategies, and sound economic policies. We hope that the developing world will produce more Koreas over the next decade.

But Korea will need to assume greater responsibilities in the international economic system commensurate with its growing capabilities by liberalizing its trade regime, maintaining a hospitable and nondiscriminatory business and investment climate, and by exchanging technical knowhow with other, less-advanced, developing countries. This will contribute to closer economic relations between the United States and Korea in the future. The growth of the U.S. economy, together with the openness of our economy to international trade and service, should provide Korea with export markets for its products, just as the growth of the Korean market should provide opportunities for U.S. producers and investors.

Closer economic relations increase the need for periodic consultation. Indeed, the breadth and complexity of these relations are the reason for my presence in Korea. I expect to have frank discussions with our delegation's Korean counterparts, which will reflect this close economic relationship.

The February 2 meeting of the Presidents of Korea and the United States was an opportunity to reaffirm the spirit of cooperation and friendship which bind our two countries. That spirit will permeate my meetings here. I believe that both sides have made every effort to assure that the framework of our economic relations is such that it will sustain increasing prosperity for both our peoples.

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[1] Ottawa economic summit was held July 19-21, 1981 (see August 1981 BULLETIN).■

Multilateral Development Banks and U.S. Human Rights Policy

by Ernest B. Johnston, Jr.

Statement before the Subcommittee on International Development Institutions of the House Committee on Banking, Finance, and Urban Affairs on July 21, 1981. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.[1]

The International Financial Institutions Act of 1977 (Public Law 95–118) requires the U.S. executive directors of the World Bank and the regional banks to oppose loans to any country whose government engages in a consistent pattern of gross violations of internationally recognized human rights, unless the assistance is directed specifically to programs which serve the basic human needs of the citizens of that country. This provision is also applicable to countries which provide refuge to individuals committing acts of international terrorism by hijacking aircraft.

The previous Administration's votes in the multilateral development banks (MDBs) were guided by a number of policy considerations, among which human rights figured prominently. In recent years the United States has voted negatively or abstained on 118 loans to 15 countries because of human rights concerns. On no occasion have we received sufficient support from other countries to prevent approval of a loan.

When this Administration took office, the United States had opposed—on human rights grounds—by a "no" vote or an abstention, the most recent loans for nonbasic human needs purposes to 11 countries—Chile, Vietnam, Afghanistan, Laos, People's Democratic Republic of Yemen, Argentina, Guatemala, Republic of Korea, Paraguay, Philippines, and Uruguay.

After a review of the current human rights situations, the Department recommended that the Treasury instruct U.S. executive directors not to oppose on human rights grounds loans to five of those countries—Korea, Argentina, Chile, Paraguay, and Uruguay. Before discussing the reasoning behind these decisions, I would like to present the Administration's human rights policy in more general terms.

Human Rights Policy

Last week Mr. [Walter J.] Stoessel, Under Secretary of State for Political Affairs, described to the Subcommittee on Human Rights and International Organizations how we view the issue of human rights in the context of our general foreign relations. I would like to describe the main themes of policy on this issue and submit that statement for the record.

The American people have been deeply committed to human rights. Indeed, such values lie at the very core of our institutions. The protection and promotion of human rights under this Administration will continue as important goals of our foreign policy, rightfully reflecting the broad consensus of all Americans.

Another quality valued by the American people is effectiveness. In pursuing our human rights goals, we should use the instruments we feel are most likely to gain real improvements in human rights conditions. In selecting these instruments we must also consider the heritage and institutions of the countries we are seeking to influence.

Our success in improving the human rights conditions in other countries will, of course, be affected by the example we set for the world. We must maintain our record of constant improvement in the protection of the rights of our own citizens. We must pursue our commitment to these principles with consistency and strength in order to gain the trust of our friends and allies and the respect of our adversaries. This Administration intends to provide such an example.

Our approaches to other governments on human rights will be both public and private and will use normal diplomatic channels as well as other opportunities. Greater emphasis will be given to private approaches, however, because we feel they have greater potential for results. Public condemnation can often lead to increased resistance to change as a face-saving reaction. Nevertheless, there are occasions when public expressions of concern are useful, and the Administration will use this approach whenever it is needed, as well as when it is required under statutory human rights provisions.

Secretary Weinberger. A Libyan pilot of one of the planes was seen to go down by parachute, and the American pilots have returned to the *Nimitz* and had no injuries and, of course, no damage to the planes.

Q. Were the American pilots involved in this exercise told if fired upon to fire back?

Secretary Weinberger. They were following the international rules of engagement that would govern this kind of situation, and they carried out their instructions and carried them out extremely well.

Q. You said the President was notified and approved of the action. He didn't have to approve of their returning the fire, did he?

Secretary Weinberger. No, no, that was within the discretion of the commander. Gen. Philip Gast is here with me this morning—Director for Operations of the Joint Chiefs of Staff—and would be glad to take specific questions.

Q. When you say within the discretion of the commander, do you mean the flight commander or the on-scene pilots or—

Secretary Weinberger. Initially, the commander of the operation, Gen. Gast.

Q. Was an attack unanticipated?

Secretary Weinberger. I think so. Yes, there's no reason to suppose that we would be attacked in international waters in an unprovoked way when an exercise had been commenced, had been formally notified with a formal notice to airmen and to mariners, as required, and in an area where we have exercised many times before. I think we ought to have an answer to this question by the general.

Gen. Gast. Under these conditions of operations such as this, that if an enemy aircraft conducts a hostile act—in this case did take on fire of our two aircraft—the aircraft flight commander has the authority to defend himself. In this case, that's exactly what he did.

Q. Are you saying that he was adhering to the rules that U.S. aircraft would be adhering to anywhere in the world with no specific instructions?

Gen. Gast. That's right, those are normal procedures.

DEPARTMENT STATEMENT, AUG. 19, 1981[1]

Two U.S. Navy F-14 aircraft involved in a previously announced routine exercise in international airspace over international waters in the south central Mediterranean were attacked by two Libyan SU-22 fighter aircraft. After being fired upon, the F-14s from the aircraft carrier U.S.S. *Nimitz* took action in response and shot down both Libyan aircraft at 1:20 a.m. EDT, August 19, 1981. The U.S. Government is protesting, through diplomatic channels, this unprovoked attack which occurred in international airspace approximately 60 nautical miles from the nearest land.

Q. What was the nature of the Libyan attack?

Secretary Weinberger. Two Libyan fighter planes came out and fired at the American planes.

Q. With rockets?

Secretary Weinberger. Rockets, yes, I guess they were rockets—

Gen. Gast. Yes, they were missiles, Atoll missiles.

Q. How many aircraft total were involved in this?

Secretary Weinberger. Two Libyan, two American.

Q. Were the Libyan planes threatening the *Nimitz*?

Secretary Weinberger. No, they were not near the *Nimitz*. They were attacking these aircraft.

Q. How far was the *Nimitz* from the scene?

Secretary Weinberger. I don't know precisely.

Q. Was there any effort or was this exercise viewed in any way as an attempt to challenge the Libyan assertions with respect to their territorial waters that they claim? There was some publicity, some press accounts, suggesting that the Administration was going to present some kind of a challenge to the Libyans on this matter and then we have this event.

Secretary Weinberger. I wouldn't describe it that way. We regard these as international waters. We've had naval and air exercises there before. This one was scheduled for some time, and the notification went out in the perfectly normal fashion—notice to airmen, notice to mariners—and the exercise took place as scheduled and is continuing as scheduled.

Q. Has there been any followup action by either side and is any contemplated by the United States in further retaliation?

Secretary Weinberger. No, we're continuing with the exercise. We have no plans to do any followup. I think there's been some continuation of patroling in the area by other aircraft but nothing like this incident.

Q. I gather that at the same time as these exercises are going on, the Egyptian military is also conducting exercises near Libya?

Secretary Weinberger. Not to our knowledge.

Q. When you say the exercise continues, does that mean that American planes will continue to fly within the airspace that Libya claims?

Secretary Weinberger. Within the space we contend is international waters, yes, they will. The exercise is supposed to conclude, I believe, about 1:00 p.m. EDT.

Q. Normally we understand the 3-mile limit as the acceptable limit. Is that the case the United States so regards in the case of Libya—the 3-mile limit as international waters?

Secretary Weinberger. Without answering specifically that particular question, we certainly regard air space 60 miles from the nearest land as being international waters.

Q. Are other Libyan aircraft now patroling in the region?

Secretary Weinberger. I think there are some, yes.

Q. Since Libya obviously disagrees with the United States and the United States disagrees on the extent of international waters, wouldn't it be a prudent course—the exercise would end at 1:00 p.m. anyway—to suggest to stop them to avoid the possibility of another confrontation?

Secretary Weinberger. No, I think it would be very imprudent to do that. There would be an acknowledgment, a claim, that has no foundation, had some bearing or some influence on the situation. The exercise has been planned for a long time and will continue and will be completed about 1:00 p.m. our time.

Q. Was the general the all-night duty officer?

Gen. Gast. I was on duty last night.

Q. Could you tell us how far in advance of the incident you had any reason to think something might be about to happen?

Gen. Gast. Nothing in advance, nor did the pilots.

Q. You didn't know until it was over?

Gen. Gast. No, shortly thereafter, nor did the pilots have advance information.

Q. What was shortly thereafter? Could you tell us what time it happened, and what time you knew?

Gen. Gast. About 1:20 a.m. EDT, and I knew about 1:26 a.m. EDT.

Q. How far from the F-14s did the Libyans come before they were picked up?

Gen. Gast. They were within visual range—about 5 or 6 miles, but they were seen on radar shortly before.

Q. How long did the encounter take?

Gen. Gast. About 1 minute.

Q. What did they fire? Do you have an idea?

Gen. Gast. Our AIM-9s.

Q. I mean what did the Libyans fire?

Gen. Gast. Atoll missiles.

Q. Both planes fired and both planes were shot down?

Gen. Gast. One aircraft fired.

Q. What do you call the SU-22s?

Gen. Gast. Fitter

Q. One Libyan plane fired?

Gen. Gast. One Libyan aircraft fired a missile; then the other one was engaging. That was why defensive action was taken.

Q. Is there any information on the nationality of the pilots of the Libyan aircraft?

Gen. Gast. We believe they are Libyan.

Q. You say the United States is protesting. Where is that protest going?

Secretary Weinberger. The protest is going to Libya; that goes through diplomatic channels, which in this case is Belgium.

Q. Are you aware of any reply?

Secretary Weinberger. No reply yet. I don't believe that it's been actually delivered. But the protest was filed by the State Department within an hour after the incident and essentially recites the text of this statement and goes into additional detail about the formal notice to mariners and matters of that kind and lodges a strong protest against the unprovoked attack.

Q. Are there any further exercises planned in that area after 1:00 p.m. today?

Secretary Weinberger. Not as part of this particular exercise.

Q. Tomorrow or the next day?

Secretary Weinberger. Not that soon. But that, again, is normal. You don't do these every day or every week. There aren't any others specifically planned in the immediate future.

Q. What weapons were used by the U.S. F-14s?

Gen. Gast. The AIM-9 missile, which is a heat-seeking missile.

Q. How did American pilots first know that the Libyans were in the air and that they were under attack?

Gen. Gast. They picked them up by radar as they were coming toward them.

Q. The planes' radar or the ship's radar?

Gen. Gast. No, the aircraft radar.

Q. About 5 or 6 miles?

Gen. Gast. No, they saw them out 30, 40 miles on radar as they were closing and then they got a visual range on them.

Q. Do you recall some of the other incidents—I believe there were challenges by Libya [inaudible] and there were at least some allegations that some missiles may have been fired previously at American planes?

Gen. Gast. We have no evidence that missiles were fired.

Q. Were there things that were regarded as challenging actions by the Libyans previously?

Gen. Gast. No, not to my knowledge. There was some indication that there were, but we have not been able to confirm that there was, in fact, hostile intent.

Q. Were the American planes flying toward the Libyan coast or in what direction?

Gen. Gast. At this position, at this time, they happened to be because the Libyans were flying directly north, and our aircraft were on a cap. As they were turning south, they picked the Libyans up coming toward them.

Q. What was the nature of what the two F-14s were doing? I realize it was part of the exercise, but what was their particular configuration?

Gen. Gast. They were up to fly patrols. The purpose of the aircraft are to clear the area, to assure that no other aircraft enter into the missile firing range area, and that is the purpose for

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DEPARTMENT STATEMENT, AUG. 19, 1981[2]

The United States considers 3 nautical miles (4.8 kilometers) as the legally permissible maximum extent of the territorial sea under international law. Although many countries claim more than 3 miles, some as many as 200 (320 kilometers), the position of the United States is that we are not bound by international law to recognize claims in excess of 3 miles.

The oceans beyond the territorial seas are high seas on which all nations enjoy freedom of navigation and overflight, including the right to engage in naval maneuvers such as those recently concluded in the Mediterranean.

While we have indicated in the past that we would accept a 12-mile territorial sea as part of a comprehensive Law of the Sea treaty, this would only be in the context of a treaty protecting U.S. navigation and other oceans' interests. At this time our entire law of the sea policy remains under review.

economic order and the radical restructuring of the international economic system which it includes.

We are asked why the U.S. opposes efforts to codify the new world information order. Promoters of a charter of the new order claim that defining objectives can help to advance the international communications debate. We think this is a mistake. An attempt to negotiate a charter of the new world information order will only plunge UNESCO into years, perhaps decades, of divisive political arguments and is unlikely to obtain general agreement. The effort will reinforce differences among the member states. We think it is far better to avoid such futile ideological efforts and to concentrate, instead, on practical work which enjoys general support.

CURRENT STATUS OF THE ISSUE

Let me now turn to developments in UNESCO since the February hearing of the Subcommittee on International Operations. It is too early to draw any firm conclusions, but there is some reason to believe that a more understanding attitude could be evolving with respect to U.S. concerns.

Director General M'Bow assured me that he was fully aware of these concerns. We have noted a possibly related slowdown in the tempo of UNESCO communication activities. The IPDC meeting was the only important UNESCO meeting in the communications sector since February. At least one potentially controversial meeting, to be held in Eastern Europe, was cancelled.

Only one other UNESCO-related communications meeting is listed for this year. This is a nongovernmental roundtable discussion of communications issues being organized jointly by the organization and the Swedish National Commission for UNESCO. It is to be held in Stockholm in September. I find it interesting that the agenda of the Stockholm meeting has been revised several times and that the meeting may yet be postponed, perhaps to the spring of 1982. The preparations for this meeting are another indication of a more thoughtful approach by the Secretariat. I understand that representatives of several U.S. nongovernmental organizations, including the World Press Freedom Committee, will be represented at the Stockholm meeting.

We hope this reduced pace of activity will continue. A pause in currently mandated activities and a reassessment of priorities are both particularly appropriate at a time when the organization is preparing its medium-term plan for the period 1984–89. We have the opportunity now, which we and other member states will be pursuing, to make more substantial changes in the scope and direction of UNESCO's communications activities.

CONCLUSION

I think it fair to say that the uncompromising position of the Adminstration in matters of principle, including the First Amendment, the supportive attitude of the Congress as demonstrated by these resolutions, and systematic representations by the government and private media are having their effect on UNESCO. We are far from having returned the organization to its proper role in the communications sector, but there is evidence now that UNESCO is pausing in its pursuit of trouble. I have made it clear that, in the Administration's view, it is not so much the future of press freedom that is at stake as the future of UNESCO. We must work closely together—the executive and legislative branches and, while respecting the independence of the press, the private media in order to consolidate our defense of press freedom. Speaking for myself and the Adminstration, I pledge my full cooperation in this task.

UNDER SECRETARY BUCKLEY JULY 13, 1981

International communications and information policy is of great importance to the United States. This area involves issues which touch the basic foundation of our way of life, our economic well-being, our political relations around the world, and our national security.

The issues are growing in importance at an explosive rate, pushed by technological advancements, particularly those applied to satellites and computers and supported by American ingenuity in finding practical, marketplace uses for these new capabilities. Our commitments to the free flow of information, the free transfer of data across national boundaries, and a market free of artificial restraints are at the heart of these policy issues.

UNESCO

Our system of government is based on these commitments. Yet in UNESCO we are challenged on the free flow of news, on the free access of reporters to the sources of news, and by the threat of requiring special licenses for reporters. In the OECD [Organization for Economic Cooperation and Development] we are working to minimize restrictions on the transborder flow of data and information so important to the conduct of daily business in the Western World. In the United Nations we are attempting to negotiate principles regarding direct television broadcasts from satellites and remote sensing by satellites to permit these new technologies to serve the needs of mankind. In the International Telecommunication Union (ITU) we are working on the practical management of the electromagnetic frequency spectrum to meet the continually growing needs of the people of the United States and of peoples all over the world. Bilaterally, we engage with other governments to insure access to foreign markets for American providers of information and communications goods and services and to minimize interference from foreign radio operations.

International Challenges

Our people and our system of government have much to gain from these new technologies and services. However, other governments which regulate the flow of information feel threatened by such vast increases in the availability of data and information, the global nature of data development and information exchange, and the instantaneous transmission or "real time" availability of data and information. The American ability to develop the next generation of technologies and to market new products rapidly is envied by most other countries in the world. Where this concern or envy leads to fair competition, we cannot complain. Where the result is the imposition of new barriers to commerce, we have no alternative but to seek to eliminate them.

It is hardly enough merely to conclude that international communications and information policy issues are an integral part of U.S. foreign policy. The point that should be recognized is that our basic policies in these areas are under attack and that these issues will be of increasing importance to U.S. international interests in the years ahead.

Confronting the Challenge

Recognition of this situation did not occur just recently or just in the past 2 years. In UNESCO we began in the 1960s to confront the challenge to the principle of the free flow of information even though UNESCO's charter encourages such open exchange among peoples. In the United Nations in the 1970s, we began negotiations on principles concerning direct broadcasting and remote sensing from satellites. The potential implication of vastly expanded transborder data flows, a result of the merging of telecommunication and computer technologies, were addressed by the OECD beginning in 1974, and reports of that work and of the future importance of their development were reported to Congress in 1976. For many years we have been heavily involved in the work of the ITU; the 1979 World Administrative Radio Conference received special attention because it dealt with an extensive list of issues.

> ***. . . in UNESCO we are challenged on the free flow of news, on the free access of reporters to the sources of news, and by the threat of requiring special licenses for reporters.***

Our trade in communications and computer hardware and software is a major positive contributor to our balance of payments. Actions by foreign governments to follow restrictive procurement policies or to seek protection for their infant computer industries, to establish arbitrary valuation procedures or to restrict investments by U.S. data service and other firms would have significant impact on this trade.

Our exports of information services, larger than hardware possibly by a factor of four, is very sensitive to foreign excessive communications tariffs, cumbersome technical interface requirements, and by requirements for duplicate facilities in market countries. While we recognize the right of sovereign states to regulate telecommunications within their borders, we strongly favor international norms which support open trade on a worldwide basis.

Through its Subcommittee on Government Information and Individual Rights, the House of Representatives Committee on Government Operations has contributed significantly to an understanding of the international trade consequences of national restriction on the transborder flows of data and information. The work of the Subcommittee on International Operations has focused attention on the importance of the ITU conferences, particularly the 1979 World Radio Administrative Conference and, recently, the region two medium frequency broadcasting conference, and, on the issues in UNESCO relating to the new world information order. This activity has greatly assisted in advancing the interests of this government and the American people in these issues.

Role of the Department of State

The nature of international affairs is such that we are continually required to integrate new issues into the overall fabric of our foreign policy. The emergence of new technologies, such as those bearing on international communications and information activities, are almost always out in front of diplomacy. It is a continuing process to develop our foreign policy in ways which will take into account the national interest in new technologies as they prove their social and economic value and become accepted in our society.

I have reported to the Congress on the activities and intentions of the Department of State in the area of international communications and information policy issues. On March 26, 1981, I testified before the Subcommittee on International Operations that the Department was reviewing its internal organization to deal with activities in this subject area. I reported that the Department would continue its role in interagency coordination with the objective of insuring more effective development and implementation of U.S. policy.

Since that time the Department has taken several steps which I believe constitute substantial progress in this area.

- Secretary Haig has designated me as the senior officer in the State Department responsible for the coordination of U.S. policy in this area. In recognition of the importance we attach to insuring that policy responsibilities will be suitably vested in a senior level official, we have initiated action to amend the Department's Foreign Affairs Manual to provide explicitly that the Under Secretary for Security Assistance, Science, and Technology will be charged with supervising this functional area. Specifically, the responsibilties assigned to my office include:

—Direction of the formulation and coordination of the Department's policy on international communications and information issues;

—Oversight and coordination of the functions of all bureaus and offices concerned with international communications and information policy;

—Exercise on behalf of the Secretary of State of the authority with respect to telecommunications assigned to the Secretary by E.O. 12046 (March 27, 1978), the determination of U.S. positions, and the conduct of U.S. participation in negotiations with foreign governments and in international bodies and coordination with other agencies as appropriate, including the Federal Communications Commission (FCC);

—Chairman of an interagency senior group on international communications and information policy which can insure coordinated development of policy by the interested departments and agencies of the executive branch and which includes participation of the FCC; and

—Adviser to the Secretary and Deputy Secretary on the conduct of foreign policy in the area of international communications and information, coordinating as appropriate with the other Under Secretaries on matters relating to the responsibilities of those officers.

- With the encouragement and support of other agencies concerned with international communications and information policy issues, I have convened an interagency committee under the National Security Council committee structure established by President Reagan. This group consists of senior-level officials and serves as the forum for discussion and coordination of our policy objectives. We held a meeting of that group today. Its membership is broad and, I believe, fully representative of the concerns which must be included in a coordinated policy.

The agenda for our meeting included, for example, consideration of challenges to the free flow of information in recent UNESCO forums and at meetings of the Intergovernmental Bureau of Informatics; the progress OECD has made, following its successful negotiation and approval of voluntary personal privacy guidelines, in examining issues arising out of nonpersonal

Cuban and Haitian Migration

by Thomas O. Enders

Statement before the Subcommittee on Immigration and Refugee Policy of the Senate Judiciary Committee on July 31, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.[1]

I am pleased to appear this morning to discuss the international and foreign policy aspects of Cuban and Haitian migration, in the light of the new immigration policy announced by the President, and to support the legislative changes he is requesting. I would like at the outset to make clear that, although the domestic impact of migration from either country is much the same, the foreign policy significance is quite different.

Your committee asked us to discuss the possibility of future mass migrations to the United States. Emigration of a few dozen or a few hundred people may occur from a number of foreign countries. A sudden, massive outflow of tens of thousands in a short period of time is likely only from a totalitarian state.

In other words, in one case we are dealing with a friendly government—the Government of Haiti—interested in enforcing its laws and respectful of the laws of its neighbors and desirous of cooperating with the United States in bringing illegal migration under control. Migration occurs as the result of separate decisions by private individuals without the support or sanction of their government.

In the other case—in the Mariel boatlift of last year—we were faced by a deliberate decision of the Cuban Government to permit and, indeed, in many instances to force the departure of large numbers of its citizens for the United States. The offers of several countries to receive these Cubans and the efforts of international agencies to arrange a safe and orderly system of departures were rejected or ignored.

The steps we take to halt illegal migration to the United States and to arrange the return of citizens of these countries who are not eligible for admission will obviously be different in these two very different circumstances.

The Case of Haiti

In the case of Haiti, we face a continuing problem. Illegal migrants from Haiti constitute a significant social and economic problem for the United States, particularly in the State of Florida. Over 20,000 Haitians entered the United States illegally in the last year, many of them from dangerous sea voyages in unseaworthy craft. However, the Government of Haiti has assured us of its determination to enforce its own laws against illegal migration and of its intention to cooperate with the United States, to the maximum extent of its ability, in joint efforts to halt the flow. We are actively engaged in both diplomatic and technical discussions with the Government of Haiti to determine how we may improve the cooperation of our two governments.

One thing that has become clear is that Haiti will not be able to do the job alone, without U.S. assistance. The economic and security assistance requests for FY 1982 that are now before the Congress will be essential to enable the Haitian Government to deal with a severely strained economy and to improve the capability of its Coast Guard to prevent the departure of small boats with illegal migrants.

In addition the U.S. Coast Guard will be assisting foreign governments that request such assistance to interdict on the high seas their flag vessels suspected of attemping to violate U.S. immigration laws. Arrangements will be made for expeditious screening and processing of any asylum requests at sea so that aliens who are not legitimate candidates for asylum can be returned promptly to their country aboard interdicted vessels. We envision that such interdiction would be done selectively and given maximum publicity in Haiti, with the cooperation of the Haitian Government, in order to have maximum impact on intending migrants without entailing excessive expenditure or enforcement effort.

Legislation to facilitate seizure and forfeiture of vessels bringing aliens to the United States in violation of U.S. laws would also assist greatly in dealing with Haitian migration. Indeed, the U.S. Government technical team which visited Haiti last week observed that the traffic in migrants is now highly organized, using sizable ships. Confiscation of these ships, once they have been seized, would be a powerful deterrent against those who are cynically profiting from the traffic in Haitian migrants.

The Case of Cuba

Some 125,000 Cubans entered the United States between April 21 and September 26, 1980. This was an unprecedented event—the deliberate use of innocent human beings to impose political and economic costs on a neighboring country. By the end of this fiscal year, it is estimated that the Mariel boatlift will have cost the United States over $700 million. Such politically inspired exoduses have little in common with legitimate immigration and refugee issues; rather they are the ultimate in manipulation—exploiting the suffering of an oppressed people to commit an unfriendly act against another country.

Federal, state, and local governments were unprepared to deal with the Mariel boatlift of 1980. Although we estimate that between 1 and 2 million Cubans would like to leave the island, approximately 200,000 Cubans have been approved by Cuban authorities for emigration. We must and we will be prepared to respond to any attempt by Castro to repeat last year's sudden exodus.

Let me make clear that we propose no change in this country's traditional policy of welcoming individual refugees from persecution and tyranny, whether from Cuba or other repressive regimes. But our experience of last year amply proved that we simply cannot respond in the same way when we are faced with a sudden influx of tens of thousands, including the inmates of jails and asylums.

Key Planning Elements

There are four key elements in our planning for any contingency of this kind.

First, Castro and the Cuban people must be in no doubt or uncertainty about the nature of our response to a new Mariel. If they believe we are unprepared to handle an illegal immigration emergency, if they believe we will vaccilate between attempting to stop the migration and welcoming it, and if they believe we will in the end welcome the arrivals and resettle them in American communities, then the temptation to deal us another blow will be very great. The President, by asking Congress for the authority to declare an immigration emergency and to take the actions necessary to respond to it, has clearly signaled his determination that there be no mistaking of our intentions. It is important that the Congress send the same signal in its action on the President's legislative proposals.

Second, it is vitally important to deny Castro the one means of transportation by which a massive flood of illegal migrants can be brought to this country—boats. The 1980 experience was made possible by the U.S. citizens and residents who took thousands of U.S.-registered boats to Cuba. Cuba has few boats it could spare for a new boatlift. If U.S. residents do not take boats to Cuba, there can be no migration from Cuba on the scale of Mariel. I am confident they will not do so if the U.S. Government is clear that it disapproves, if it is clear that such action is illegal, and if it is clear that boatowners will lose their boats and be subject to prosecution and heavy fines if they attempt to help a foreign government create an immigration emergency. Again, adoption of the President's legislative proposals would have a major impact.

Third, there are some boats in Cuba, and some may reach there from the United States despite out best efforts. The Coast Guard, with support from the Navy if necessary, would be available to interdict on the high seas those vessels that we have reasonable cause to believe may be engaged in transporting illegal aliens to the United States in violation of our laws. Cuba has also in the past made use of third country flag vessels to carry migrants. In the case of third country vessels, interdiction would, of course, take place only with the prior consent of the flag state. The proposed legislation would facilitate our turning these vessels away from the United States before they have been able to unload their passengers on our territory and turning them back toward their port of departure or another point outside of the United States.

Fourth, for those Cubans and Haitians who do, by one means or another, arrive in the United States, our policy must be one of immediate detention and prompt exclusion of those found to be inadmissable to this country. To do otherwise is to encourage others to follow.

These are the four elements of a successful policy to prevent new massive influxes of illegal aliens—a clear Administration and congressional rejection of illegal immigration, seizure and forfeiture of vessels used for illegal boatlifts, interdiction of illegal boatlifts on the high seas, and detention and exclusion of those who arrive by that means.

These are not, of course, cost-free policies. Effective interdiction, whether of the continuing Haitian boatlift or a potential Cuban one, means additional operating costs for the Coast Guard. Expedited exclusion proceedings require additional manpower. Detention of the continuing flow of illegal migrants, plus prudent preparation for any sudden increase, requires, as the Attorney General said yesterday, "additional resources for the construction of permanent facilities." The Administration will ask your approval of the resources needed, and I hope that your committee will support our request.

I do not wish to convey the impression that discouraging Cuba from the temptation of unleashing a new human wave against this country or stopping it once it is started will be easy tasks for which we have found a simple formula. On the contrary, they will require difficult and delicate balances of diplomatic pressures, effective law enforcement actions, and well-coordinated Federal, state, and local policies. A clear consensus of congressional and public opinion in support of this approach will be indispensable if it is to succeed.

President Reagan, in his statement, quoted the report of the bipartisan select commission that Mariel brought home to most Americans the fact that U.S. immigration policy was out of control. The Administration's proposals are designed to bring coherence and control back into our policy and to insure respect for our laws both at home and abroad. We will well serve our foreign policy objectives by doing so.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

The Situation in Guatemala

Statement submitted by Stephen W. Bosworth, Deputy Assistant Secretary for Inter-American Affairs, and Stephen E. Palmer, Acting Assistant Secretary for Human Rights and Humanitarian Affairs, to the Subcommittees on Human Rights and International Organizations and on Inter-American Affairs of the House Foreign Affairs Committee on July 30, 1981[1]

We are pleased to have the opportunity to discuss with you the situation in Guatemala, the Administration's policies toward that country, and the serious issue of human rights.

Guatemala stands out in Central America because of its size—the most populous of the Central American republics—its economic potential—a GNP of over $7 billion with substantial industrial development and mineral resources—and its importance for regional stability.

Guatemala has serious social, economic, and political problems. The country's economy, though growing, faces declining prices for primary product exports, investor uncertainty aggravated by the insurgency, and great disparities in income and opportunity between Guatemala's richest and poorest citizens.

Political Problems

Political problems complicate economic and social difficulties. Although governments have been relatively stable, there is little consensus over the society's goals, the role of government or the limits of dissent. In the past several years, insurgency and increasing violence have blocked the peaceful resolution of such issues.

Guatemalan guerrilla groups are led by self-proclaimed Marxist-Leninists. They support neither democracy nor human rights and have engaged in a campaign of violence and terror. Guatemalan insurgents—over 2,000 strong—are heavily supported and influenced by our adversaries. As in El Salvador, Cuba has systematically encouraged and sponsored the unification of Guatemalan Marxist guerrilla groups and has provided increased assistance

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dependence of the United
the one hundred and

U.S. Recognition of Serbian Independence/1 objected that such a treaty "could hardly be put into execution before it would expire by its own limitations" and said that the United States desired a "durable treaty, which should regulate fully the principles of the relations to be established between the two countries, and the international rights to be accorded to their respective citizens." Ristic seemed inclined to accept Kasson's point of view, although he alluded to the heavy commercial pressure which Austria-Hungary, through which all Serbian commerce had to pass, was exerting on Serbia. Minister of Finance Vladimir Jovanovic presented Kasson another draft document which more closely resembled the one that the American minister had prepared. Kasson deleted from Jovanovic's draft the provision for the adjustment of an international tariff and added articles relating to consular affairs and the safeguarding of the religious rights of Americans in Serbia. This revised draft, a combined commercial and consular agreement, was submitted to the Serbian Government for its consideration.[18]

While in Belgrade Kasson was received with "great cordiality" by Prince Milan. Kasson, like Schuyler 3 years before, reported that the Prince, during their 30-minute meeting, struck him as very knowledgeable, so much so that Kasson overestimated Milan's age by 10 years.

> He inquired of the character of the commerce which might be developed between the two countries, and declared with a smile, that already American 'graisse' (probably meaning lard) was imported into Serbia, although it was an abundant article of their own production. We also spoke of agricultural machines and tools for the soil, of American arms, etc., etc. He left me with the impression of his wish that my negotiations with his Ministry might be successful. He is a young man of perhaps thirty five years, with a handsome and intelligent face, and I believe persuasive political sagacity, which is much needed in relation to his neighbors.[19]

In Belgrade Kasson met an American attempting to negotiate an arms contract to equip the Serbian army; he expressed an earnest wish that a consulate be established there to aid and advise American businessmen.[20] Kasson also obtained statistics on Serbian exports and imports, which he

Cedomilj Mijatovic (1842–1932)

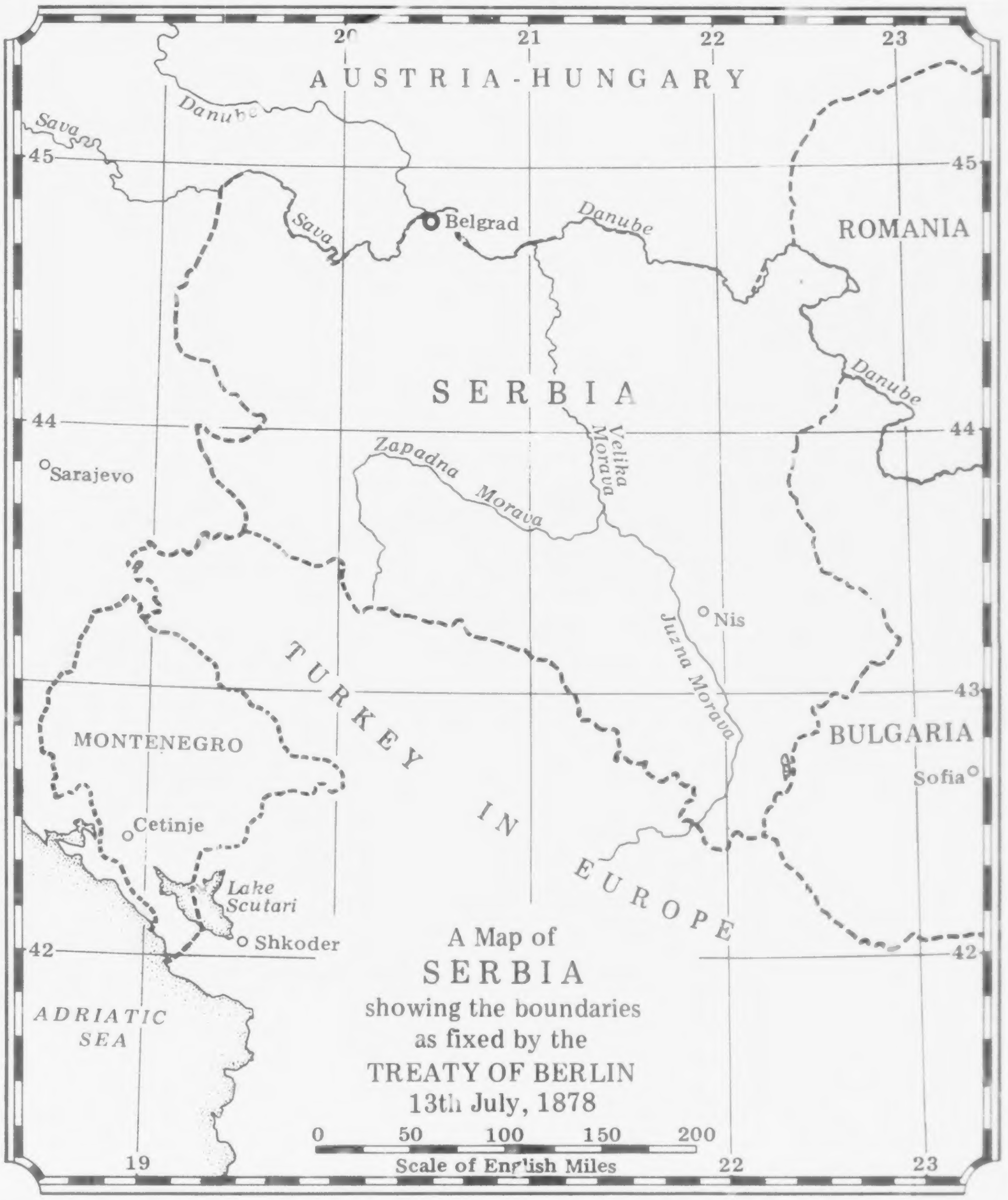
Politician, author, historian. Studied at Leipzig and Zurich and in 1866 became a university professor in Belgrade. Served as Minister of Finance in 1873 and on several subsequent occasions. Was Minister of Foreign Affairs (1880–81 and 1888–89). An intimate friend of Milan Obrenovic. After King Milan's abdication in 1889, Mijatovic was Serbia's minister in London and Constantinople. He wrote romantic short stories for youth and was the first to study systematically Serbian economic history. He also translated English historical works.

(Photo from *The Memoirs of a Balkan Diplomatist* by Chedomille Mijatovich) warned were not completely accurate since English and other foreign goods introduced into Serbia were credited to Austria-Hungary, the last country through which they were transported. He sent these statistics to the Department of State, along with a list of foreign diplomatic and consular representatives in Serbia and Serbian diplomatic representatives abroad.[21]

In a separate despatch he transmitted a report on conditions in Serbia as gathered from his notes and observations during his visit. This report described the organization of the government, the financial condition of Serbia, industry, agriculture, ways of communication, and the education and intelligence of the people. Kasson said that he had formed "a most favorable opinion of the natural mental vigor of the people," but the Serbs were almost too clever. Their faults "were not those of stupidity, but rather those of 'smartness,' " and he attributed this to the influence of Turkish rule. Direct contact with Western civilization and manners, Kasson hoped, would lead to improvement in this regard.[22]

Before leaving the city Kasson was told by Jovanovic that the Serbian Government had accepted the commercial articles of the draft treaty, but that the consular articles would have to be adjusted further with Foreign Minister Ristic, who was ill but who had to leave Belgrade on business as soon as he recuperated. Kasson agreed to Jovanovic's suggestion that the negotiations be concluded in Vienna with the Serbian charge d'affaires. Although Ristic was unable to meet with Kasson, he did transmit a note to Kasson listing his objections to the consular provisions, most of which, Kasson believed, were based "on misapprehensions, and were easily removed, in the judgment of the Secretary who brought them." [23]

On the American side, the only serious question regarding a treaty with either Serbia or Romania was an accusation by an American Jewish organization that the Romanian Government was guilty of violating the rights of Jews despite a provision in the treaty of Berlin guaranteeing religious liberty in the newly independent states. Secretary Evarts informed Kasson of these objec-



A Map of
SERBIA
showing the boundaries
as fixed by the
TREATY OF BERLIN
13th July, 1878

Map by Bill Hezlep,
Bureau of Intelligence and Research,
Department of State

. . . the value of Serbian plums sent to the United States is not far from a million dollars annually. Mr. Milanovitch, one of the large plum dealers in Belgrade, assures me that he has himself sent to America in one year as many as two and a quarter million pounds, worth on the average about $80,000. Generally, the prunes are roughly dried and packed in casks or mats, but two or three dealers have lately undertaken to dry the plums by artificial heat, as in France, and export them in neat boxes, so that while being superior in quality they present a better appearance and bring a higher price. The plums in Serbia are of excellent quality, and if orders could be sent directly to Belgrade, not only could a better class of prunes be obtained, but they could be put upon the market in New York more cheaply than at present.

Despatch from Eugene Schuyler
to the Department of State,
March 29, 1883

DEPARTMENT STATEMENT, AUG. 19, 1981[2]

The U.S. Government protests to the Government of Libya the unprovoked attack against American naval aircraft operating in international airspace approximately 60 miles from the coast of Libya. The attack occurred at 0520 GMT on August 19, 1981. The American aircraft were participating in a routine naval exercise by U.S. Navy forces in international waters. In accordance with standard international practice, this exercise had been announced on August 12 and 14 through notices to airmen and to mariners. Prior notification of air operations within the Tripoli flight information region has also been given in accordance with these notifications. The exercise, which began on August 18, will conclude at 1700 GMT August 19.

The Government of the United States views this unprovoked attack with grave concern. Any further attacks against U.S. forces operating in international waters and airspace will also be resisted with force if necessary.

which they were there. If they are inbound, as we practice always, we intercept them and attempt to dissuade them from proceeding into the area where the missile firings may be occurring.

Q. But that intercept did not take place because as soon as the Libyans—

Gen. Gast. The intercept was about to begin when the MiGs pulled in and fired a missile at our aircraft—the Fitters did, rather.

Q. Is the *Nimitz* on any kind of alert status now because of this?

Secretary Weinberger. All ships on a naval exercise of this kind are always on high alert.

Q. But anything additional because of the incident?

Secretary Weinbeger. No.

Q. Any reaction from the Russian fleet?

Secretary Weinberger. No reaction from anybody at this time.

Q. What would you say would be the consequence for U.S.-Libyan relations of this even if there is not a followup military action?

Secretary Weinberger. Libyan-U.S. relations were certainly not any way I could describe of the best in the immediate past, and I think that this will not do anything to improve them. If a country makes an unprovoked attack on your forces or on your citizens in international waters, it certainly is not a good way to restore good relations.

Q. You said that they carried out their mission extremely well. It seemed as though you are almost proud of the way—

Secretary Weinberger. I don't think it's necessary to try to do any amateur psychoanalysis at this time. It seems to me that the mission of the planes was to fly patrol and, if attacked, if fired upon, to respond. That's exactly what they did, and I would say again without leaving myself open to any other interpretations that I think they carried out their mission extremely well.

Q. If American planes fly within the claimed airspace of other nations—friendly nations—is it a practice to notify them in advance?

Secretary Weinberger. If there is going to be any kind of area of the ocean—of the international waters—that would be affected by naval exercise that involves firing or anything that would make it in any way dangerous for mariners or for airmen to be within that space, a customary notice is sent out, which was done in this case. That was the practice that would be followed wherever naval exercises of this kind are carried out. Just as if we fired a missile from Vandenberg, for example, we would notify around the impact zone—5, 7 days notice I believe it is—and that was the practice that was followed here.

Q. Who precisely notified whom? Were you the receiving end of the message, and from whom did it come? What did you then do?

Gen. Gast. We followed the chain of command. A fleet net—a radio net, a communications net—is provided. They informed their headquarters in London, in turn in Europe, the U.S. command, which informed me, and then I informed the Chairman of the Joint Chiefs of Staff and the Secretary immediately.

Q. Who informed London? Was it commander of the 6th Fleet or was it the skipper of the carrier?

Gen. Gast. It was the commander of the task force.

Q. And then to Stuttgart and then to Washington?

Gen. Gast. Yes.

Q. And then who did you tell?

Gen. Gast. I told the Chairman and the Secretary of Defense.

Q. Are you hoping this is the end of this?

Secretary Weinberger. Yes.

Q. You still say, despite the earlier protests of the Libyan Government, that we were flying in their airspace, that this was an unanticipated incident?

Secretary Weinberger. We had given the notification that we were going to do naval exercises in waters that we claim, we believe, and, in fact, are under all of the laws that we know—international waters, the high seas. We followed the rules that are required under those circumstances, served the proper notices, and had no reason to suppose that anybody would fire on any of our planes or ships.

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[1] Read to news correspondents by acting Department spokesman Alan Romberg.

[2] Made available to news correspondents by acting Department spokesman Alan Romberg. ■

Secretary's Interview for CBS News

Secretary Haig was interviewed by CBS News correspondent Richard Roth in Montecito, California, on August 19, 1981.[1]

Q. What have we told the Libyans?

A. We, shortly after the incident, sent a very strong protest to the Libyan Government through the intermediate representation we have in Libya, and that was delivered in the early hours of this morning. It was a strong protest because of the aggressive actions taken by Libya. I think it is important we recognize that for a number of years, during such routine air and naval exercises, the Libyans have been engaged in harassing actions designed to demonstrate even beyond the disputed 200-mile zone, well out into the Mediterranean, they've been engaged in harassing actions.

Q. In that context, the U.S. Government has said that is was responding to an unprovoked attack, but it was not a complete surprise, certainly, that the Libyans might choose to do something to respond to the U.S. naval maneuvers.

A. That's correct due to past history of a number of years. These are routine naval exercises of the kind we've conducted all during the latter part of the 1970s up through the last year—1980—where we had two, and in each instance the Libyans have reacted in a very provocative way. We regret very much that in this instance they went so far as to launch an unprovoked attack.

Q. What do you see as the reason for their decision to escalate?

A. I think it's always the case when a provocation occurs and it's not responded to perhaps as vigorously as it might, that it elicits additional risk-taking. I think President Reagan has made it clear that we are going to insist that international law is upheld and our rights to abide within that law are going to be upheld.

Q. Do you mean, in the past have U.S. forces been fired on by the Libyans?

A. There have been a number of incidents extremely dangerous in the past, as I say, not only within international waters and airspace but into the contested zone—the 200-mile zone unilaterally claimed by Libya—but even beyond that into the Mediterranean where there isn't even a contested question.

Q. Have we been fired on in the past and not responded?

A. I would prefer not to characterize specifically the nature of the provocations but to make clear they have not been exclusively involved with just American units; there have been other free nations' activities similarly provoked.

Q. Wasn't the existence of our naval exercises there, at a time when Libya has been publicly making known—once again restating—its claim to the 200-mile limit, wasn't our existence there a challenge of a sort to the Libyans?

A. You might characterize it any way you want. I would say it's a challenge to the United States and our rights under international law to conduct our maritime affairs accordingly.

Q. Were we then challenging the Libyans' claim to the 200-mile limit?

A. It's not a question of challenging anything. It's a question of living by recognized international law. Admittedly there's been controversy between 3-mile, 12-mile, and even 200-mile claims, all of which are unilaterally proclaimed. But the basic international law was initially 3 miles. It's now been generally accepted as 12 and anything beyond that is not accepted.

Q. What is the reason, then, for holding exercises in that particular area when there is a dispute between Liyba and—

A. It's a traditional area for exercises, and this exercise is routine and normally scheduled and, of course, cleared through the National Security Council process, as we always do with exercises of this character. We were totally within our rights to conduct these exercises.

Q. During that clearance process, you and your aids must have raised the issue of whether or not Libya would respond as it has in the past.

A. There's no question that past experience with the Libyan Government has suggested that we were keenly aware of the possibility. We hoped that such a thing would not happen, but, unfortunately it did.

Q. What happens now? What's the next step diplomatically? Have we heard, for example, back from the Libyans through the Belgians?

A. No, we have not heard yet from the Libyan Government. We have, of

U.S. Lifts Suspension of Aircraft to Israel

SECRETARY'S ANNOUNCEMENT, AUG. 17, 1981[1]

On June 7, 1981, Israel conducted an attack on Iraq's nuclear reactor. On June 10, 1981, we reported to the Congress about the Israeli attack and informed the Congress that the scheduled delivery of four F-16 aircraft to Israel was being suspended. That suspension has continued in force, and now fourteen F-16 aircraft as well as two F-15 aircraft are affected by it.

The Administration conducted an intensive review of the implications of the Israeli action for the agreement which governs Israeli use of U.S.-supplied military equipment. The review included candid discussions with Prime Minister Begin and Israeli Ambassador Evron.

The Administration, in its review, has also taken account of events and trends in the Middle East, particularly the events in Lebanon leading to a cease-fire there. The cease-fire is a very positive new element in the region, one which the Administration hopes will continue and which perhaps will make possible other steps toward peace in that troubled area.

Following our discussions with the Government of Israel, consultations with the Congress, and completion of the Administration's review, the President has lifted the suspension of military aircraft deliveries to Israel.

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[1] Made at the Century Plaza Hotel in Los Angeles (text from White House press release which also includes the Secretary's question-and-answer session with reporters following this announcement.) ■

data flows; issues related to our participation in the ITU's regional conference on AM broadcasting which I discussed with the committee last month; preparatory work for other ITU conferences to be convened over the next several years; and possible legislative proposals to enhance the opportunities for more competitive markets in equipment and services in international commerce.

We are, of course, not starting *de novo* on these particular areas. Various interagency committees have been working, many of them for several years, to develop policy initiatives in conjunction with private sector advisory groups. The next few meetings of the senior-level interagency group will give me a firsthand opportunity to insure that we are, indeed, drawing the strands together and, if not, to develop a more effective approach.

The departments, agencies, and offices regularly included in the interagency committee are: the Departments of Commerce, Defense, and State, the Agency for International Development, the International Communication Agency, the Board for International Broadcasting, the National Aeronautics and Space Administration, the Federal Communications Commission, the Office of Management and Budget, the Office of Science and Technology Policy, the Office of the U.S. Trade Representative, the National Security Council staff and the White House Domestic Policy staff. Other departments, agencies, and offices will be included in the work of the committee and its subgroups as appropriate to the issues at hand.

- To improve the performance of the department in dealing with these new issues, we are establishing a coordinator for international communications and information policy who will report directly to me. The coordinator will be responsible for assisting in the duties that I have outlined and, in addition, will have the following duties:

—Maintaining continuing liaison with the bureaus and offices of the Department concerned with international information and communications policy, with a view to insuring that policy issues requiring consideration by the Under Secretary are presented on a timely basis and that implementing actions are promptly undertaken; and in this connection, also maintaining liaison with the offices of the other Under Secretaries;

—Chairing a departmental steering group comprised of representatives of bureaus and offices having responsibility for international communications and information policy and chairing such interagency meetings as may be necessary to insure proper policy coordination;

—Arranging meetings of the interagency senior-level group on international communications and information policy with the responsibilities for preparing the agenda for such meetings in consultation with participating departments and agencies as well as with interested bureaus, offices, and principals of the department, insuring that conclusions reached at such meetings are provided to those concerned with policy implementation, and monitoring subsequent actions;

—Coordinating the activities and assisting as appropriate interagency working level task forces and committees concerned with specific aspects of international communications and information policy and maintaining a current register and schedule of meetings of such groups;

—Maintaining liaison with the principals and staffs of other interested departments and agencies, including the relevant offices of the Executive Office of the President;

—As appropriate, maintaining liaison with the members and staffs of committees of the Congress concerned with international communications and information policy and providing testimony before such committees;

—Maintaining appropriate liaison with representatives of the private sector to keep informed of their interests and problems, meeting with them and providing such assistance as may be needed to insure that matters of concern to the private sector are promptly considered by the appropriate bureaus or offices of the Department or, where appropriate, assisting in securing consideration of such matters by other executive branch departments and agencies;

—Assisting in arranging meetings of such private sector advisory groups as may be established to provide advice and insuring that the Under Secretary is informed of the views of advisory groups which may assist the Bureaus and offices of the Department in connection with international communications and information policy issues; and

—Insuring timely preparations for meetings with representatives of other governments and meetings of international organizations.

- I have asked the Under Secretary for Management [Richard T. Kennedy] to review the delegation of international communications and information responsibilities to Department bureaus, and the workload and resources given to meet those responsibilities. My preference is not to centralize those responsibilities in a single functional area. I believe the existing multibureau distribution assures that our policy in this area is consonant with and supportive of our broad foreign policy objectives. Centralization runs the risk of a more parochial vision and a loss of contact with the totality of our interests. Nonetheless, there may be room for some improvement in our internal structure and some need to realign or augment resources. I expect that the Under Secretary for Management's study will identify such opportunities.

Namibia

CONTACT GROUP COMMUNIQUE, JULY 22, 1981[1]

The Foreign Ministers of the Western five contact group—Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States—took advantage of their presence in Ottawa on July 20 and 21 to discuss the question of Namibia. They agreed upon the urgent need to continue the effort to bring about the independence of Namibia in accordance with Security Council Resolution 435 in a manner that will command international approval. The U.S. Secretary of State Alexander Haig discussed with his colleagues the results of Deputy Secretary [William P.] Clark's mission to South Africa, Namibia, and Zimbabwe June 10–13.

The ministers considered measures which would complement and strengthen the existing U.N. plan and provide the confidence necessary for all parties to proceed. The ministers decided to convene a followup meeting of senior officials next week in Paris to formulate proposals to carry forward the settlement process in consultation with all parties concerned. They decided to meet again in New York during the U.N. General Assembly session in September to review further how the process can best be pursued.

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[1] Made available to news correspondents by Department spokesman Dean Fischer. ■

H.R. 1957

H.R. 1957 proposes, *inter alia*, to establish a cabinet committee, chaired by the U.S. Trade Representative with legal authority for coordination and the formulation of policy and with extensive oversight responsibilities. The committee's authority would include determination of positions and policies in international communications and information, currently within the purview of the Departments of State and Commerce.

Apparently, some believe that the delegation of authorities in Executive Order 12046 is insufficiently precise to insure the coordinated development of policy and effective implementation. We believe that, in practice, the Executive order is proving effective for integrating the interests of the several agencies into a coherent overall approach.

The report of the House Committee on Government Operations argues that the committee proposed in H.R. 1957 would be comparable to that of other cabinet-level committees and councils. However, this is apparently based on a misunderstanding of the function of those groups. In no case have the responsibilities of the interested departments and agencies been transferred to committees or councils. On the contrary, the committees and councils operate in a manner similar to that of the Interagency Committee on International Communications and Information Policy which has begun meeting under my chairmanship.

Moreover, that report reflects a further misunderstanding of how the policy formulation process works in the executive branch. It appears to assume that decisions are made by voting. In fact, what is needed is either a "meeting of the minds" supporting a proposed policy or a presentation of differing views to the President for resolution. To deprive certain of the interested Departments and agencies of their responsibilities and to seek to substitute the vote of a committee represents an essentially unworkable proposition.

The report of the Committee on Government Operations maintains that the proposed committee would not be concerned with day-to-day management of the Federal establishment. However, the legislation explicitly contemplates that the proposed committee would coordinate policies and activities of all Federal agencies involving international communications and information activities and that it would also be directed to recommend, whenever appropriate, disapproval or modification of any agency policy determination. I have serious questions about what responsibility is intended to be left to the heads of the interested departments and agencies.

The potential magnitude of the confusion becomes more clear when it is recognized that the proposed committee would be composed of seven individuals, one of whom is not a member of the executive branch. This would mean a number of departments and agencies involved with these issues would not be represented at all; for example, NASA and USICA, whose role is seriously underestimated by the report of the committee on government operations. The problem is not helped by the bill's provision that responsibilities previously assigned to the Secretaries of State and Commerce and the Director of ICA—as well as other responsibilities of the proposed committee—might be reassigned by the committee to its own staff.

A major question regarding H.R. 1957 is whether the committee is necessary and whether it would offer a useful and practical approach to the problem. The Administration's view is that this committee structure would not be helpful in dealing with the range of issues here under consideration.

The question of interagency leadership is treated differently in H.R. 1957 than in Title II of S. 821. Although there are differing views on performance, the fact is that the Department of State is the only agency positioned to knit together the interactions among these issues and to insure their proper reflection in our overall foreign policy.

CONCLUSION

This Administration believes it is on the right road in meeting the needs of the United States in the important area of international activity. We have taken steps that are fully within our authorities. We believe enactment of legislation along the lines of H.R. 1957 and its companion piece, Title III of S. 821, is unnecessary. In fact, such enactment could deprive the executive branch of the flexibility required to insure the most effective development and coordination of U.S. policy on the basis of actual experience.

I think it is fair to say that all of the concerned agencies without reservation share a commitment to insure that the United States is well positioned to meet the challenges to the free flow of information, to secure and protect radio frequency spectrum needs, and to participate fully in the expanding global market for telecommunications and information goods and services. I can pledge to you that I will personally work to insure that these objectives are met.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Security Council Meets on Lebanon-Israel Border Dispute

The Security Council met on July 17, 1981, to vote on the Lebanon-Israel border dispute. Following is the text of the resolution unanimously adopted by the Council on July 21, 1981.

SECURITY COUNCIL RESOLUTION 490

The Security Council,

Reaffirming the urgent appeal made by the President and the members of the Security Council on 17 July 1981 (S/14599) which reads as follows:

"The President of the Security Council and the members of the Council, after hearing the report of the Secretary-General, express their deep concern at the extent of the loss of life and the scale of the destruction caused by the deplorable events that have been taking place for several days in Lebanon.

"They launch an urgent appeal for an immediate end to all armed attacks and for the greatest restraint so that peace and quiet may be established in Lebanon and a just and lasting peace in the Middle East as a whole."

Taking note of the report of the Secretary-General in this respect,

1. *Calls* for an immediate cessation of all armed attacks;
2. *Reaffirms* its commitment to the sovereignty, territorial integrity and independence of Lebanon, within its internationally recognized boundaries;
3. *Requests* the Secretary-General to report back to the Council on the implementation of this resolution as soon as possible and not later than 48 hours from its adoption.

and guerrilla training in return. Many of the insurgents active in Guatemala have received some training in Cuba, including training in the use of heavy weapons. Cuba's international propaganda broadcasts support Guatemalan guerrillas and claimed on June 6, 1981, that the guerrillas had inflicted over 1,000 casualties on the Guatemalan troops. Guatemalan insurgents have also received weapons from Nicaragua and collaborate closely with Salvadoran guerrillas.

Human rights violations in Guatemala are inextricably linked to the problem of violence in that society. Guatemala's violence stems from both endemic social and economic factors and from the willful efforts by both right and left to polarize the country. The most recent cycle of violence began in October 1978, when the leftist opposition exploited an economic issue to lead street riots in which 30 people were killed. The country's rightist elements reacted in turn to this disruption of public order. Since then political violence in Guatemala has left more than 100 killed each month. Centrist groups, including Christian Democrats, have been victims of the violence, and extremist views have come to dominate reactions from both sides. Many of these casualties are caused by the right. But the left pursues a calculated policy of increasing armed violence, which has included atrocities such as kidnapping of children, murdering business managers, and plundering property, intended to provoke government and rightist reactions.

In response to escalating violence over the past 3 years, the United States systematically distanced itself from the Guatemalan Government—publicly and, at times, confrontationally.

These policies did not, however, improve the status of human rights in Guatemala. On the contrary violence escalated, polarization intensified, and the insurgency grew. The cycle of provocation from the left and overreaction from the right has become well-established. Both left and right have engaged in excesses and violations of commonly accepted human rights. The United States is deeply concerned over this violence. We were most saddened to learn that in the past several days, violence claimed the life of an American, Father Stanley Rother.

New U.S. Policy Approach

The Administration is convinced of the need to try a new, constructive policy approach to Guatemala; the policies of the past clearly failed. They have neither advanced our security interests nor prevented a deterioration in the human rights situation. We believe we must try to play a positive role in advancing both these concerns.

As Under Secretary [for Political Affairs Walter J.] Stoessel testified before the Subcommittee on Human Rights and International Organizations on July 14, human rights is a principal goal of our foreign policy. The Administration's objective is to make our security interests and our human rights concerns mutually reinforcing so that they can be pursued in tandem. Guatemala is a case in which we have both security and human rights concerns and where we are seeking to make these two concepts mutually reinforcing.

In Guatemala improved human rights will not be possible unless the overall level of violence and provocations by the insurgents are reduced. At the same time, improvement will require greater self-confidence on the part of the government, essential to assert its control over the right and its own security forces.

Therefore, we believe traditional diplomatic means are more appropriate in Guatemala today than public threat or censure. Traditional diplomacy and dialogue can bring about positive change, while censure often accentuates the tensions that contribute to violations.

In late May, after Ambassador at Large Vernon Walters' trip to Guatemala, we informed the House Subcommittee on Inter-American Affairs that we intended to go ahead with the sale of trucks and jeeps to Guatemala. He promised to consult with the Congress before any major changes in policy with regard to Guatemala. Guatemala has asked to purchase helicopter and aircraft spare parts. As Ambassador Walters told the subcommittee in late May, the Department is considering this request. No final decision has yet been reached. We should note that the Guatemalan Air Force uses helicopters as a means to maintain communication in large areas which are not well served by roads or landing strips and for both transporting troops and mercy missions.

It would be naive to expect dramatic, immediate results from our new policy approach, given the existing climate of violence and the insurgents' efforts to increase violence. But we are convinced that dialogue is the only approach which can be effective in diminishing overreaction by government forces and toleration of illicit rightist activity. There have been some positive developments in the past several weeks. The Guatemalan security forces have made inroads in guerrilla operations. And they have done it while taking care to protect innocent bystanders.

We are concerned about human rights violations in Guatemala and the need to restore due process. While the problem can only be solved in the end by Guatemalans, we must seek to promote the conditions which will contribute to their ability to solve the problem.

We would now like to respond to those specific questions you have raised which we have not already answered in this statement.

We are familar with the Amnesty International report on Guatemala and have taken it into account. The Department policy is and has been not to comment publicly on reports of private groups. We do, of course, recognize the contributions private organizations can make in the field of human rights.

The Department has not made a determination in this Administration or the previous one that any government, including the Guatemalan Government, is engaged in a pattern of gross and consistent violation of human rights. We have taken the legal requirements of Section 502B of the Foreign Assistance Act into account and have applied them in good faith.

Regarding the sale of trucks and jeeps to Guatemala, the Administration assessed foreign policy export controls to insure that such controls do not impair U.S. trade without providing corresponding advantages to our foreign policy. In April, after review of this issue and with applications pending from U.S. companies for the export of trucks, jeeps, and other products to Guatemala, we recommended that the Commerce Department drop cargo trucks, jeeps, and several other items from its list of crime control and detection equipment subject to special licensing procedures.

In our opinion, the removal of these items from the crime control list and placement instead under regional stability controls is not inconsistent with congressional intent and does not undermine the provisions of the Foreign Assistance Act or of the Export Administration Act.

Although the executive branch has not requested any foreign military sales (FMS) credits for Guatemala since 1977, we have provided physiological testing on an FMS cash basis to help select student pilots for the Guatemalan Air Force. Such agreements for the sale of testing services were signed in April 1980 and again in July 1981. This testing helps determine whether the student can physically stand rapid changes in atmospheric pressure and helps him learn how to deal with these changes. This sort of testing, which helps to prevent serious air crashes, has been provided to the Guatemalans and to most Latin American air forces.

Presidential elections are scheduled in Guatemala for March 7, 1982. These elections will determine which of the candidates nominated in the next several months will serve as president for the 4-year term beginning in 1982. We believe strongly in the importance of free and open elections as a way to moderate the problems which face Guatemalan society and hope that the campaign will evolve in a climate that will contribute to the resolution of Guatemala's serious problems.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Current Actions

MULTILATERAL

Agriculture

Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980. TIAS 9919.
Ratification deposited: Venezuela, July 31, 1981.

Antarctica

Recommendations relating to the furtherance of principles and objectives of the Antarctic treaty (TIAS 4780). Adopted at London Oct. 7, 1977.[1]
Notifications of approval: U.K., U.S.S.R., June 28, 1979.

Recommendations relating to the furtherance of principles and objectives of the Antarctic treaty (TIAS 4780). Adopted at Washington Oct. 5, 1979.[1]
Notification of approval: Argentina, June 23, 1981.

Atomic Energy

Agreement amending the agreement of Sept. 22, 1980 (TIAS 9863), concerning the transfer of a research reactor and enriched uranium to Malaysia. Signed at Vienna June 12 and July 22, 1981. Entered into force July 22, 1981.

Commodities

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signatures: Costa Rica, July 29, 1981; Greece, July 21, 1981; Nigeria, July 20, 1981.
Ratification deposited: Haiti, July 20, 1981.

Conservation

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Ratification deposited: South Africa, July 23, 1981.

Consular

Vienna convention on consular relations. Done at Vienna Apr. 24, 1963. Entered into force Mar. 19, 1967; for the U.S. Dec. 24, 1969. TIAS 6820.
Accession deposited: Bhutan, July 28, 1981.

Cultural Property

Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Adopted at Paris Nov. 14, 1970, at the 16th session of the UNESCO general conference. Entered into force Apr. 24, 1972.[2]
Ratification deposited: Pakistan, Apr. 30, 1981.

Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Niger, July 1, 1981.

Customs convention on the international transportation of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1980.[2]
Senate advice and consent to accession: U.S. July 30, 1981.

Education—UNESCO

Convention on the recognition of studies, diplomas, and degrees concerning higher education in the states belonging to the Europe Region. Done at Paris, Dec. 21, 1979.[1]
Ratification deposited: Yugoslavia, May 22, 1981.

Energy

Agreement on an international energy program. Done at Paris Nov. 18, 1974. Entered into force provisionally Nov. 18, 1974; definitively, Jan. 19, 1976. TIAS 8278.
Definitive accession deposited: Portugal, June 29, 1981.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accession deposited: Equatorial Guinea.

Fisheries

International convention for the conservation of Atlantic tunas. Done at Rio de Janeiro May 14, 1966. Entered into force Mar. 21, 1969. TIAS 6767.
Adherences deposited: Angola, July 29, 1976; Cape Verde, Oct. 11, 1979.

Maritime Matters

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Greece, July 28, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]

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tions and of the fact that the U.S. Government "has ever felt a deep interest in the welfare of the Hebrew race in foreign countries, and has viewed with abhorrence the wrongs to which they have, at various periods, been subjected by the followers of other creeds in the East." The Secretary was not inclined to make the establishment of relations conditional upon the government's protection of the rights of Jews, but he told Kasson that "any terms favorable to the interest of this much-injured people which you may be able to secure in the negotiations now pending with the Government of Roumania would be agreeable and gratifying to this Department." [24]

Kasson responded to Evarts by explaining the principles behind his including an article on religious liberty in the draft treaty which he had just presented to the Serbian Government. He admitted that it had been his first inclination to incorporate in the treaty, by explicit reference, the provisions of the treaty of Berlin on the question of religious liberties. Further reflection, however, led him to deal with this question in a separate and independent provision. He thought that it was "more becoming to the national dignity that our stipulations should be direct, and that no reference should be made to a foreign international contract, which might even in a remote degree, involve my government in the constructions to be given to that instrument by its signers, or in the principles upon which that act of foreign intervention existed." Kasson pointed out that the treaty of Berlin was not an agreement with the Danubian principalities "but a treaty between aliens imposing conditions of interior legislation upon the independence of a weaker neighbor." More importantly, Kasson thought it unwise "to associate the United States Government with the European Powers in that system of foreign intervention and control of other countries, which from the time of the partition of Poland, has been the occasion of so much oppression against the rights of independence and liberty."

Kasson was convinced that "with the exception of always possible isolated instances of injustice" in the principalities, the only cause for concern was "the extent and the mode of granting to the Hebrews the rights of citizenship," which was a question "so peculiarly pertaining to interior administration as to render foreign judgment upon it inadmissible." The provisions on religious liberty in the Serbian draft treaty, the text of which Kasson enclosed with his despatch, were designed "to secure to American citizens of all faiths, protection of person and property, equally with that given to natives, full rights of trade, and full liberty for the exercise by them of the rights of religious faith and of public worship." [25]

Throughout 1880 Kasson's negotiations with the Serbian envoy in Vienna proved unproductive, as Serbia, out of deference to Austria-Hungary, delayed commercial negotiations with other countries until it had concluded a commercial treaty with Austria-Hungary.[26] For much of the summer and fall Kasson was back in the United States successfully campaigning for reelection to the House of Representatives. In October 1880 the Ristic ministry fell and was replaced by a new ministry in which Cedomilj Mijatovic was Foreign Minister and Finance Minister. The change was welcomed by Kasson, who said that the new government was considered liberal in foreign relations and inclined to the most-favored-nation system of treaties. It was even reported that Mijatovic's wife, who was close to Princess Natalija, had relatives in the United States.[27]

In December 1880 the Serbian envoy at Vienna notified Kasson that the new government would welcome a U.S. diplomatic representative at Belgrade. Evarts instructed Kasson to reply that the United States would be happy to appoint a representative at Belgrade

(Department of State photo)

William M. Evarts (1818–1901)

Born in Boston. He graduated from Yale (1837) and attended Harvard Law School (1838–39). Was admitted to the bar and practiced in New York. Evarts was chief counsel for President Johnson in the impeachment trial of 1868 and Attorney General in President Johnson's Cabinet (1868–69). He served as Secretary of State from March 1877 until March 1881, and as such defined American policy with regard to an isthmian canal, took a strong stand toward Mexico in defense of American lives and property, and directed the negotiation of treaties with China relating to commerce and immigration. Evarts was a delegate to the International Monetary Conference at Paris in 1881 and served one term as Senator from New York beginning in 1885.

and to inquire as to the rank of the Serbian representative to be sent to the United States.[28] But the Serbian envoy, on instructions, told Kasson that his government sincerely regretted that "the present condition of our finances does not allow it to nominate its representative near the United States of America; still it indulges the hope that the great and wealthy Republic will not for that reason be less disposed to nominate its representative at Belgrade." Kasson called Evarts' attention to this "dignified but touching appeal" and urged that the United States lend its moral support to the Government of Serbia by appointing a representative at Belgrade.

> Serbia is struggling to establish its independence with the civilization of Western Europe, under many difficulties arising from powerful intervening neighbors, and from the burdens imposed on it by the provisions of the Berlin Congress. It would seem to have a moral right to the generous consideration of the freer, richer, and more disinterested members of the family of nations.[29]

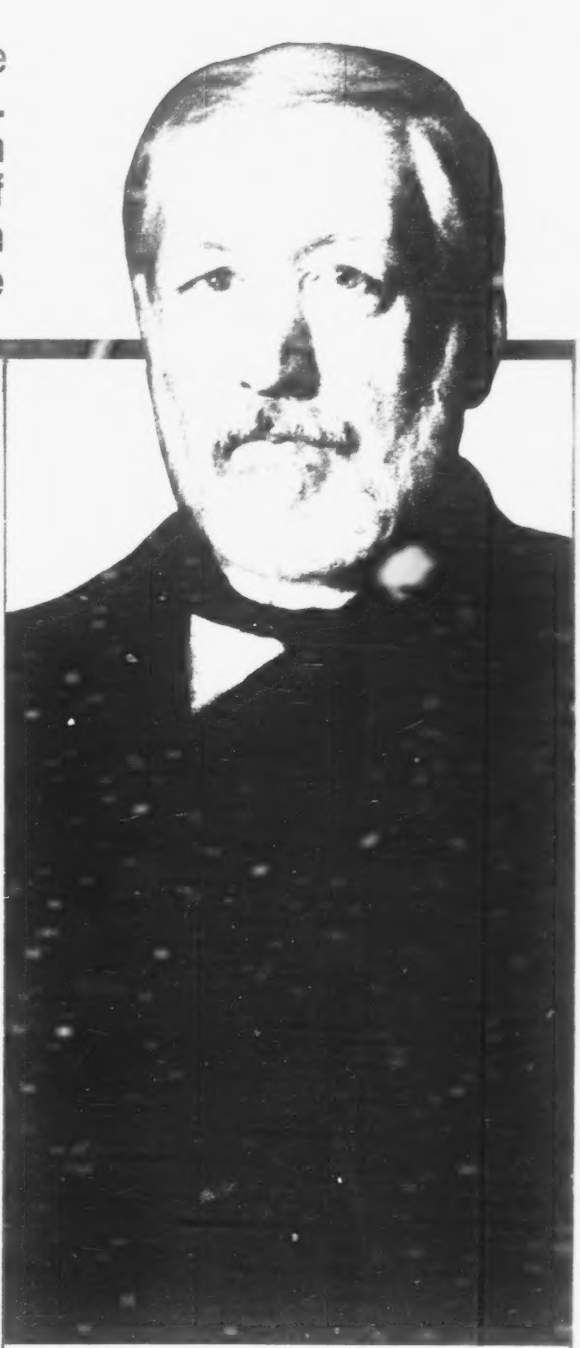
At the same time Serbia indicated its readiness to resume the treaty negotiations with the United States. In July 1880 Eugene Schuyler had been named diplomatic agent and consul general to Romania and empowered to negotiate commercial and consular treaties with that government. Kasson said that, in view of his own imminent return to the United States to resume his seat in the House of Representatives and the similarity of the questions under discussion in the treaties proposed with the two countries, Schuyler should also be entrusted with the Serbian negotiations.[30]

Recognition of Serbian Independence

A decision on the Serbian request for a resumption of treaty negotiations and the appointment of a U.S. diplomatic representative fell to the new U.S. President, James A. Garfield, and his Secretary of State, James G. Blaine. In April 1881, a month after taking office, Blaine sent Schuyler a copy of the draft treaty previously submitted to the Serbian Government, a copy of Kasson's comments on the draft that he had left with the Department of State during his visit to Washington in the fall of 1880, and a copy of a recent act of Congress regarding trademarks. Schuyler was asked to give his views as to the expediency of concluding a commercial treaty with Serbia and what form it might take.[31]

Schuyler answered that the United States should negotiate separate commercial and consular treaties, so that one could be denounced, if necessary, without affecting the other. His initial impression was that Serbian-American trade was very limited, involving only the export to the United States of Serbian dried plums and the importation of various articles of American origin by way of Germany and Austria-Hungary. Moreover, he felt the chances for a marked increase in trade were not bright. Despite the construction of a new railroad by Serbia to connect with the line running from the Greek port of Salonica, which would permit articles to be sent directly to Serbia without passing through Austria-Hungary, Schuyler believed that Austria-Hungary would continue to exert great commercial influence over Serbia and might even, in time, annex it.

As for Kasson's draft treaty, Schuyler proposed a number of revisions. The most prominent was the exclusion altogether of the article guaranteeing religious liberty, which would be needed, said Schuyler, only if there was reason to think that this right would be infringed. Quoting pertinent passages from the Serbian Constitution that protected the free exercise of religion, except for the right of non-Orthodox faiths to educate and proselytize, Schuyler argued further that Serbia could not be expected by treaty to grant rights that were forbidden by its constitution.[32] Secretary Blaine approved all of Schuyler's suggested changes and authorized him to negotiate separate consular and commercial treaties with Serbia and to insert an article regarding trademarks in the consular treaty. Schuyler was advised not to sign any treaty without first submitting the text to the Department of State for approval.[33]



(Department of State photo)

James G. Blaine (1830–1893)

Born in West Brownsville, Pa. Graduated from Washington College (1847) and taught school in Kentucky and Philadelphia, where he also studied law. One of the founders of the Republican Party. Served in the Maine legislature (1859–62) and was speaker 1861–62. He was elected to the U.S. House of Representatives (1863–76) and was Speaker of the House (1869–75). He was Senator from Maine 1876–81. An unsuccessful candidate for the Republican presidential nomination in 1876 and again in 1880. Blaine was Secretary of State from March to December 1881. Was the Republican presidential candidate in 1884. He was again Secretary of State from March 1889 until June 1892. As Secretary, he convened and presided over the first Pan American Conference in 1889.

course, registered protests with the United Nations, with the Secretary General, Mr. Waldheim, with the President of the Security Council. We've notified all of our stations abroad on precisely the character of this incident and its outcome. We have, early this morning—at 4:00 a.m. or shortly thereafter—given our picture of the situation to the Soviet Union so that they would be aware. Some of their naval vessels have been in the area in a characteristic trailing mode which has become sort of routine in maritime exercises of this kind. We are hopeful that the incident will remain just that, and it's a very unfortunate one, but one in which we intend in the future—and I know it's the President's view—to exercise our legal rights and obligations.

Q. But when we informed the Soviets afterwards, this was done through Washington.

A. Yes. We called in their Deputy Chief of Mission. Mr. Walter Stoessel, our Under Secretary for Political Affairs, laid out precisely the character of the incident, the actions we had taken thus far, and our hopes that restraint and moderation would be displayed on all sides.

Q. Was there any response from the Soviet diplomat?

A. No. I wouldn't normally divulge such exchanges if there were.

Q. There apparently hasn't been anything yet from Moscow by way of any rhetorical reaction, at least.

A. No. But I would anticipate one and it would be uncharacteristic if they did not have one.

Q. What happens next in terms of U.S. relations with Libya?

A. This remains to be seen, of course. We make no bones about our concern with respect to Libyan international activity: their invasion and continued occupation of Chad, the threatening actions being taken with respect to other neighboring states in Northern Africa, their support for international terrorism—all of this requires, we believe, a new level of moderation and restraint which has thus far not been evidenced.

Q. Is there a signal in this American action—carrying out of the exercises and the response to the Libyan actions—is there a signal to other countries that's involved here? You say you express it as some kind of foreign policy statement as well as just an incident.

A. I don't want it portrayed that way. It's a clear manifestation that this Administration—President Reagan's intentions to insist that our rights and our obligations in the international community be met in the period ahead. In that sense I suppose you could describe it as a signal, but more importantly it is a routine matter in which imprudence on the part of the other side brought about an unfortunate act.

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[1] Press release 286 of Aug. 24, 1981. ■

Situation in the Middle East

The following statement was made by Philip C. Habib, the President's special emissary to the Middle East, to reporters at the White House on July 27, 1981, following his report to the President on the cessation of hostilities between Lebanese and Israeli territory.[1]

I have just reported to the President on the mission which he directed me to undertake not long ago. This is a satisfying moment. An end to hostile military actions and the consequent bloodshed in the Israeli-Lebanon area has now taken place. The situation, however, remains fragile and sensitive. That is normal and in the nature of such things. The progress achieved so far must not be lost. Everyone involved must exercise the greatest care and caution.

The end of armed attacks, which has been achieved, could be a first important step on the road to greater calm and security in the area. This will be indispensable if future progress is to be made toward a broad and lasting peace in the Middle East. What has been accomplished could not have been done without the help and understanding of many people. The final result, I believe, is the interest of all the parties involved.

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[1] Text from Weekly Compilation of Presidential Documents of Aug. 3, 1981. ■

Refugee Advisory Panel Report

A special refugee advisory panel established by Secretary Alexander M. Haig, Jr., concluded that a substantial flow of Vietnam boat refugees must be anticipated, and planned for, for the foreseeable future.

In a report to Secretary Haig on the Indochinese refugee situation, the blue ribbon panel, headed by former Assistant Secretary of State Ambassador Marshall Green, concluded after a 25-day trip to Asia that by and large the U.S. repatriation and resettlement policies and programs are correct and are being implemented effectively and humanely. It found that the exodus of lowland Lao refugees and Hmong hill tribesmen is substantially down and that the number of Khmer now entering the resettlement stream from Kampuchea is negligible. The Vietnamese boat people are still arriving on Southeast Asian shores at a rate of over 8,000 per month, however, and the future prospect is for a continuing, possibly increased, flow. The panel concluded that resettlement of substantial numbers of Vietnamese boat and other Indochinese refugees would be necessary for some time to come.

Under these circumstances, the panel expressed the hope that the Association of South East Asian Nations (ASEAN) would take the lead in inserting the Indochinese refugee issue on the agenda of the forthcoming session of the U.N. General Assembly, with a view to obtaining Vietnam's acceptance of orderly departure programs for those qualified for resettlement in other countries. Such a step was urged on the grounds of helping to reduce loss of life and dangers to the stability and peace of the area.

The panel also suggested in another section of its report that a second international conference on Indochinese refugees might be held, similar to the one convened by the U.N. Secretary General in July 1979.

The panel noted that while there is a continuing widespread domestic support for the U.S. refugee program for Indochinese as well as appreciation of the foreign policy interests the program serves, there have been criticisms over the past few years and some worrisome aspects have been identified—perhaps most notably the charge that an increasing proportion of Indochinese refugees are motivated to leave their homeland more by "pull factors," such as economic betterment, than "push factors," such as persecution. The panel recognized that motivations must, nevertheless, be strong to induce people to flee in small boats at great peril and with considerable loss of life. The panel concluded that the integrity of the definition and status of "refugee" must be preserved in accord with international instruments and the Refugee Act of 1980. It then declared that the people fleeing from Vietnam are unwilling to return and would undoubtedly face persecution were they to do so; moreover, Vietnam will not accept them back; they are, therefore, entitled to refugee status. The panel came to the same conclusion regarding the Hmong but called for review of the situation regarding the lowland Lao and many Khmer fleeing severe economic conditions in Kampuchea.

The panel's overall conclusion regarding domestic, resettlement in the United States was that problems, particularly in the areas of welfare and secondary migration, necessitate an immediate and comprehensive study.

In other recommendations the panel urged:

- Improved international consultations, continued support for international organization efforts, and greater efforts to encourage third country resettlement;
- Continued attention to Kampuchea food relief requirements;
- Support for the efforts of the U.N. High Commissioner for Refugees (UNHCR) to arrange voluntary repatriation of Khmer and Lao and local resettlement in ASEAN countries where feasible;
- Balanced reporting by international broadcasters; and
- UNHCR monitoring of austere refugee camps set up by the Thai Government.

In addition to Ambassador Green, other members of the panel were James Greene, former deputy director of the Immigration and Naturalization Service; Rita Hauser, a New York attorney and former U.S. delegate to the U.N. Human Rights Commission; and Richard Wheeler, senior vice president of Citicorp. The panel began its trip at UNHCR headquarters in Geneva July 7; then it traveled to the ASEAN nations, Hong Kong, and Japan. In the course of its trip, the panel met with top officials and representatives of international organization and voluntary agencies and visited numerous refugee camps. Members of the panel also visited Philadelphia and Orange County, California, to look into U.S. resettlements problems.

Press release 277 of Aug. 13, 1981. ■

Afghanistan: 18 Months of Occupation

The following paper was written by Eliza Van Hollen of the Bureau of Intelligence and Research in August 1981. It is a sequel to "Afghanistan: A Year of Occupation," published in the March 1981 issue of the Bulletin.

After 1½ years of Soviet occupation, the Soviets and the Democratic Republic of Afghanistan (DRA) have not been able to make headway in establishing the authority of the Babrak regime. Indeed, they appear to be losing ground to the guerrilla freedom fighters (*mujahidin*), who are maintaining impressive momentum.

On the other hand, the Soviets show no signs of abandoning their long-term objective of legitimizing a pro-Soviet government in Afghanistan and suppressing the resistance. They acknowledge that it will take longer than originally anticipated but seem to believe time is on their side.

Political Developments

Events of recents months underline Soviet and DRA awareness of the overriding importance of the political aspects of the struggle. The decision to broaden the leadership by divesting Babrak Karmal of the prime minister's job, the effort devoted to convening a National Fatherland Front assembly, and the special attention being paid to nationality and tribal sensitivities all reflect major political objectives of the regime and its Soviet sponsors. Nevertheless, these actions even taken together do not have the potential to turn the tide against the *mujahidin*.

Reorganization of the Government. The initial purpose behind relieving Babrak of the prime ministership (while he remains President of the Revolutionary Council and Secretary General of the party) seems to have been to broaden the Parcham-dominated leadership by naming a Khalq prime minister and so to reconcile the increasingly alienated Khalq faction of the People's Democratic Party of Afghanistan (PDPA). The Soviets have long tried to heal this factional split. They have reason to be concerned about losing Khalq support because of the Khalq strength in Afghanistan's Armed Forces.

But the bitter political struggle over the prime minister's job and other attendant changes in government and party bodies has exacerbated the longstanding feud. This friction forced the authorities to postpone the sixth plenum of the party from May 13 to June 11. In the end, the crisis apparently was resolved only by widely reported secret visits to Moscow by Babrak and other leaders.

The outcome—naming another Parchami, Sultan Ali Keshtmand, as prime minister—indicated that the Khalq-Parcham feud continues and that the Soviets were not prepared to shift their support from Babrak and his faction to the Khalqis. The Parchamis picked up more strength in other areas of the reorganization as they increased their representation in important party and government bodies. Key Khalqis, however, also improved their political standing, and it is clear that the Soviets are still blocking a wholesale purge of the Khalq leadership by the Parchamis. The naming of Keshtmand as prime minister may portend further splintering of the political leadership because Keshtmand could pose a serious political threat to Babrak. The two are said to be rivals within the Parcham wing and not friendly.

Other factors presage further weakening of the political fabric. Resistance successes against Afghan and Soviet military units and the *mujahidin's* enhanced capability to endanger regime sympathizers in towns and cities, most notably in Kabul, will cool the enthusiasm of opportunists and probably even of ideological loyalists. Many former party members have already

El Salvador: The Search for Peace

The tragedy of El Salvador has deep roots in both Salvadoran history and the contemporary international scene. This study summarizes some of the facts, analyses, and rationales about the many internal and external forces involved in El Salvador that underlie U.S. Government efforts in support of a peaceful outcome. The following background paper was released by the Department of State in September 1981.

Summary

During the late 1970s, traditional authority structures in El Salvador, already eroded by social changes and development problems, began to disintegrate under pressure from left- and rightwing terrorism.

In an effort to stimulate a more democratic process, middle-grade army officers overthrew the existing authoritarian regime in October 1979. In January 1980, the Christian Democratic Party entered the government and helped launch far-reaching reforms. Although most Salvadorans welcomed socioeconomic reforms as long overdue, extremist groups reacted by intensifying violence. Thousands died in conditions sometimes bordering on anarchy.

In late 1979 and early 1980, Fidel Castro brought the leaders of El Salvador's fragmented violent left to Havana and helped them to unite into a single guerrilla directorate. In January 1981, using arms obtained clandestinely through Cuba and Nicaragua, the guerrilla command launched an all-out offensive. But the population ignored guerrilla appeals. Government forces remained united and fought well. The offensive failed.

Today, although most guerrilla factions and some small rightwing groups continue to attempt to impose their views by force, the overwhelming majority of Salvadorans seek an end to violence. The Salvadoran Government has outlawed paramilitary forces and is attempting to develop a peaceful political process. In March 1981, President Duarte appointed an independent Central Elections Commission to prepare elections for a Constituent Assembly in 1982. In July, legislation was approved under which all parties that accept democratic procedures will be eligible to participate.

The United States supports self-determination for the people of El Salvador. As a concerned neighbor committed to representative democracy, the United States favors an end to violence and seeks to facilitate a process leading to free and open national elections.

The Politics of Violence

In 1980, about 12,000 Salvadorans died violently—most of them victims of conflicts among absolutist factions with deep roots in Salvadoran history.

A Tragic Precedent. On January 22, 1932, a peasant uprising touched off by Augustin Farabundo Marti and his embryonic Communist Party turned into a ghastly massacre. Thousands died in a few days in a bloody confrontation in which no quarter was asked or given.[1]

The savagery of 1932 was interpreted by the authorities to mean that only strong governments could maintain order. The president at the time of the uprising, Gen. Maximiliano Hernandez Martinez, remained in power until 1944. The army became El Salvador's strongest institution; military commanders dominated succeeding governments in concert with the landed wealthy.

Signs of Progress. During the 1950s and 1960s, political violence was rare. Economic growth averaged more than 5% a year, outstripping population growth, which averaged about 3% a year. Export-oriented agribusinesses and small manufacturing enterprises boomed. But there were no new lands to be developed—and most of the population still lived at subsistence levels.

Urban growth stimulated the rise of reformist political parties. The most successful was the Christian Democratic Party (PDC). In 1964, Jose Napoleon Duarte, one of the party's founders, was elected mayor of San Salvador. In 1968, the PDC captured 19 of the 52 seats in the unicameral National Assembly and won majorities in 78 of the nation's 261 municipalities, including the three largest cities.

Elections Frustrated. In 1972, Duarte ran for the presidency, with Guillermo Manuel Ungo of the small social-democratic National Revolutionary Movement (MNR) as his running mate. Duarte's charismatic campaign received strong support from peasants and workers as well as the new middle classes. On election day, Duarte appeared to have won a plurality in the popular vote. Five days later, however, the candidate of the governing National Conciliation Party (PCN), Col. Arturo Armando Molina, was proclaimed president. After an attempted opposition coup within the army failed, Duarte was arrested, tortured, and sent into exile.[2]

Tensions Mount. Molina increased public services and promoted some land reforms but was hamstrung by conservative resistance to change. Underlying problems of unemployment and income maldistribution were exacerbated by rising energy costs, unstable coffee prices, and a severe drought that reduced growth.

The Roman Catholic Church, which after Vatican Council II had become increasingly committed to work among the underprivileged, began to call for greater social justice. The election of Col. Carlos Humberto Romero to the presidency in 1977 was disputed. Opposition parties boycotted the 1978 National Assembly elections. Archbishop Oscar Arnulfo Romero regularly detailed abuses against the poor in statements during Sunday mass.

Terrorism. In the spring of 1977, Foreign Minister Mauricio Borgonovo, an M.I.T.-trained moderate, was kidnapped, then murdered by leftists; Father Rutilio Grande, a Jesuit parish priest known for his support of working-class causes, was assassinated by rightists.

Violence and counterviolence escalated steadily thereafter. Leftist radicals, often students, and rightist members of ORDEN, a conservative organization with thousands of peasant members and close ties to local security forces, seemed to take turns in attempting to prove that violence was cleansing. A clandestine group of far rightists calling themselves the White Warriors Union (UGB) claimed credit for the assassination of many teachers and priests. And on the extreme left, terrorism became a deliberate weapon in the hands of a new breed of specialists in violence.

The Violent Left. Twice during the early 1970s, groups of radical activists denounced the electoral approach espoused by the Moscow-line Communist Party of El Salvador (PCES) and broke away to seek an armed path to power.

The largest of these was the Farabundo Marti Popular Liberation Forces (FPL), named after the instigator of the bloody 1932 rebellion. It was founded in 1970 by Salvador Cayetano Carpio, a Cuban-trained former Communist Party Secretary General.

While the FPL advocated violence as part of "prolonged war" tactics, the People's Revolutionary Army (ERP), a group of young Maoists and Castroites headed by Joaquin Villalobos, was united primarily by the view that attacks on public officials could spark an immediate popular revolution. Still a third tactical perspective was embodied in the Armed Forces of National Resistance (FARN), which splintered from the ERP in 1975.

In the late 1970s, these organizations carried out several spectacular embassy seizures and kidnapped or murdered several Salvadoran, U.S., European, and Japanese businessmen, as well as the Swiss charge d'affaires and the Ambassador of South Africa.

The "Popular Forces." The use of terrorism enabled the violent left to obtain large sums of money—perhaps $50-100 million—in ransom and protection payments. Part of these funds were used to subsidize demonstrations and political agitation to broaden their own base and further intimidate advocates of peaceful reform.

The FPL helped to organize a broad coalition of worker, student, and teacher groups into the Popular Revolutionary Bloc (BPR). The FARN attracted several peasant organizations and unions into the United Popular Action Front (FAPU). The more impatient ERP was less successful in broadening its reach: Its 28 February Popular League (LP-28) remained largely student based.

The Nicaraguan Example. El Salvador's violent left received a major psychological boost in July 1979 when the Nicaraguan National Guard dissolved under pressure.

El Salvador's professional army was not a praetorian force like Somoza's Guard. Nonetheless, what before only a few fanatics had believed possible—that the Salvadoran Army could be openly attacked and defeated—could suddenly be portrayed as an historic inevitability. Moreover, having backed the Sandinistas with men and money, the FPL and the ERP felt that they had earned Nicaraguan support for an escalated armed struggle.

The growing militancy of the violent left moved Archbishop Romero to warn in August 1979: "When I returned from Rome in April, I found their bombs in the cathedral. Our popular groups have been taken over by the far left. They want the church to support everything, not only justice but all their strategies."

As traditional political and social relationships disintegrated, El Salvador began to fragment into a series of armed camps. The economic elite was split between advocates of harsh repression and moderate reform. Gen. Romero had neither the will to impose draconian measures nor the credibility to undertake reforms. Except for scattered individuals like the exiled Duarte, there was an acute absence of credible or willing alternative leadership.

Actual armed gangs, whether of left or right, were still small. But thousands of Salvadorans associated with the "popular forces" on the left were now juxtaposed against the thousands of Salvadorans associated with ORDEN and similar groupings on the right.[3]

The 1979 Revolution

On October 15, 1979, an informal grouping of young and middle-grade army officers overthrew Gen. Romero. In a shakeup that led to the exile, retirement, or reassignment of some 10% of the officer corps, Cols. Jaime Abdul Gutierrez, Adolfo Arnoldo Majano, Jose Guillermo Garcia, and Eugenio Vides Casanova emerged as the new leaders of the military high command.

The army manifesto of October 15 denounced abuses of power by government officials, proclaimed a commitment to fundamental social reform, and called for a transition to elections and a democratic political system. Three civilians joined Gutierrez and Majano in a new governing junta. They were Roman Mayorga from the Jesuit university, Mario Andino from the business community, and Guillermo Ungo from an opposition coalition known as the "Popular Forum."

Public response was immediate and positive. Archbishop Romero, in his October 21 homily, called upon all Salvadorans to give the new government a chance and warned against further violence. The junta outlawed ORDEN, released political prisoners, and formed a widely representative cabinet. Duarte returned from his Venezuelan exile.

Peaceful change, however, suited neither those who believed one more push would destroy the army nor those opposed to all reforms. Calling for the immediate dissolution of the security forces, the ERP and the FPL staged violent disturbances. At the opposite extreme, rightists conspired to mount a countercoup to prevent the October 15 manifesto from being carried out. Lacking unity or experience, the junta gradually disintegrated, unable to control the violence or establish its authority.

In January 1980, the Christian Democratic Party announced it would help form a new government on the basis of an open political process and socioeconomic reform. An overwhelming majority of officers, loyal to their new leaders and the October manifesto and aware of the dangers of civil war, accepted the Christian Democratic program, including land reform.[4]

Land Reform. For generations, a few hundred families had owned about 60% of all farm lands. Decree 153 of March 6, 1980, "The Basic Law of Land Reform," was the first step in transferring ownership of about half of that property to peasant cooperatives and individual tenant farmers.

The basic provision of Decree 153, known as Phase I, provided for the conversion of large estates—more than 1,235 acres—into peasant cooperatives. Another provision, known as Phase II, was designed to distribute medium-sized estates. A "land-to-the-tiller" program (Decree 207), known as Phase III, was approved in April 1980 to benefit landless peasants by enabling each family of renters or sharecroppers to acquire as many as 17.3 acres of lands they then selves were cultivating.

To strengthen small business and broaden the availability of credit in support of land reform, all banks were put under partial government ownership. A previous measure had created a government board to market coffee and sugar for export; cotton, the third major cash crop, remains in the hands of a private cooperative.

Within a month of the March 6 decree, 278 estates had been transformed into producer cooperatives owned by the farmers working them. The army's break with the landowners became evident as troops protected government technicians and peasant beneficiaries.

This ambitious reform program,

Acceptances deposited: China, July 29, 1981; Greece, Norway, July 28, 1981.
Senate advice and consent to ratification: July 30, 1981.

Narcotic Drugs

Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.
Accession deposited: Rwanda, July 15, 1981.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Ratification deposited: Rwanda, July 15, 1981.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[1]
Senate advice and consent to ratification: U.S., July 30, 1981.
Signatures: Bulgaria, June 23 1981;[3] Finland, June 25, 1981.

Patents—Microorganisms

Budapest treaty on the international recognition of the deposit of microorganisms for the purpose of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980. TIAS 9768.
Accession deposited: Philippines, July 21, 1981.

Plants—Plant Varieties

International convention for the protection of new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: South Africa, July 21, 1981.

Pollution

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.[1]
Ratification deposited: Poland, July 10, 1981.

Postal

Constitution of the Universal Postal Union with final protocol. Done at Vienna July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Accession deposited: South Africa, June 11, 1981.

Additional protocol to the constitution of the Universal Postal Union with final protocol signed at Vienna July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971, except for article V of the additional protocol which entered into force Jan. 1, 1971. TIAS 7150.
Accession deposited: South Africa, June 11, 1981.

Second additional protocol to the constitution of the Universal Postal Union of July 10, 1964, general regulations with final protocol and detailed regulations. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Accession deposited: South Africa, June 11, 1981.

Money orders and postal travellers' checks agreement with detailed regulations with final protocol. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8232.
Accession deposited: Guyana, June 19, 1981.

Property—Industrial Designs

Locarno agreement establishing an international classification for industrial designs, with annex. Done at Locarno Oct. 8, 1976. Entered into force Apr. 27, 1971; for the U.S. May 25, 1972.
Notification of denunciation deposited: U.S. July 21, 1981; effective July 21, 1982.

Refugees

Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Philippines, July 22, 1981.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Accession deposited: Iraq, July 1, 1981.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Accessions deposited: Nigeria, May 7, 1981; Libya July 2, 1981.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[1]
Senate advice and consent to ratification: July 30, 1981.

UNIDO

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Ratification deposited: Mali, July 24, 1981.
Signature: Democratic People's Republic of Korea Aug. 10, 1981.

Whaling

International whaling convention and schedule of whaling regulations, as amended by the protocol of Nov. 19, 1956. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849, 4228.
Adherence deposited: Philippines, Aug. 10, 1981.

Wheat

1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Ratifications deposited: Federal Republic of Germany,[4] July 30, 1981; Luxembourg, July 29, 1981.

1981 protocol for the sixth extension of the wheat trade convention, 1971. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Accession deposited: El Salvador, July 29, 1981.
Ratifications deposited: Federal Republic of Germany,[4] July 30, 1981; Peru, Aug. 18, 1981.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.[2]
Accession deposited: Saint Vincent and the Grenadines, Aug. 4, 1981.
Ratifications deposited: Haiti, Mongolia, July 20, 1981; Philippines, Aug. 5, 1981.
Signatures: U.K., July 22, 1981; Peru, July 23, 1981.

World Heritage

Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.
Ratification deposited: Cuba, Mar. 23, 1981.

BILATERAL

Anguilla

Agreement relating to the establishment of a Peace Corps program in Anguilla. Effected by exchange of letters at Washington Feb. 19 and June 24, 1981. Entered into force June 24, 1981; effective May 1, 1981.

Australia

Agreed record of conclusions reached in bilateral negotiations in the GATT multilateral trade negotiations, Tokyo Round, exchange of letters clarifying conclusions, and related letters of Feb. 4 and Mar. 26, 1980. Done at Washington Mar. 29, Oct. 22 and 26, 1979. Entered into force Mar. 31, 1980. TIAS 9975.

Austria

Arrangement within the context of the multilateral trade negotiations concerning agricultural products, and related letters of Jan. 30 and Apr. 14, 1980. Done Apr. 12 and Oct. 17, 1979. Entered into force Jan. 1, 1980. TIAS 9977.

Agreed record of discussions and memorandum of understanding within the context of the multilateral trade negotiations concerning the Austrian motor vehicle tax, and related letters of Jan. 30 and Apr. 14, 1980. Done at Geneva Apr. 11, 1979. Entered into force Jan. 1, 1980. TIAS 9974.

Canada

Treaty on Pacific Coast albacore tuna vessels and port privileges, with annexes. Signed at Washington May 26, 1981.
Instruments of ratification exchanged: Ottawa, July 29, 1981.
Entered into force: July 29, 1981.

Memorandum of understanding within the context of the multilateral trade negotiations regarding the staging of certain tariff reductions. Signed at Washington Sept. 17 and 21, 1979. Entered into force Sept. 21, 1979. TIAS 9978.

Memorandum of understanding within the context of the multilateral trade negotiations relating to the agreement of Sept. 17 and 21, 1979, regarding the staging of certain tariff reductions. Signed at Washington Oct. 9, 1979. Entered into force Oct. 9, 1979. TIAS 9978.

Cartagena Commission

Trade agreement within the context of the multilateral trade negotiations, and related note of Apr. 14, 1980. Signed at Lima Dec. 14, 1979. Entered into force Jan. 1, 1980. TIAS 9979.

Colombia

Treaty concerning the status of Quita Sueno, Roncador, and Serrana, with exchange of notes. Signed at Bogota Sept. 8, 1972.
Senate advice and consent to ratification: July 31, 1981.[5]

Dominican Republic

Agreement relating to the multilateral trade negotiations. Effected by exchange of letters at Santo Domingo Dec. 21, 1979, and Jan. 2, 1980. Entered into force Jan. 2, 1980. TIAS 9981.

European Communities

Agreement relating to certain chemicals in U.S. schedule XX to the GATT. Signed Dec. 21, 1979. Entered into force Dec. 21, 1979. TIAS 9985.

Agreement relating to staging of a chemical concession in U.S. schedule XX to the GATT. Signed at Brussels Dec. 27, 1979. Entered into force Dec. 27, 1979. TIAS 9986.

Agreement relating to modification of U.S. schedule XX to the GATT, pursuant to article XXVIII. Signed Jan. 2, 1980. Entered into force Jan. 2, 1980. TIAS 9987.

Agreement within the context of the multilateral trade negotiations regarding trade in certain agricultural products, and related letter of Oct. 28, 1980. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9982.

Agreement within the context of the multilateral trade negotiations concerning tariff concessions for table grapes, and related letter of Oct. 28, 1980. Effected by letter signed at Brussels July 27, 1979. Entered into force Jan. 1, 1980. TIAS 9983.

Agreement within the context of the multilateral trade negotiations concerning beer containers and beer, and related letter of Oct. 28, 1980. Signed Oct. 31, 1979. Entered into force Jan. 1, 1980. TIAS 9984.

Finland

Letter and arrangement within the context of the multilateral trade negotiations concerning cheeses, and related letter of Jan. 30, 1980. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9988.

Agreement relating to article XII of the General Agreement on Tariffs and Trade, and related letter of Jan. 30, 1980. Effected by letter signed at Geneva Apr. 12, 1979. Entered into force Mar. 13, 1980. TIAS 9989.

Agreement within the context of the multilateral trade negotiations regarding alcoholic beverages, and related letter of Jan. 30, 1980. Effected by letters at Geneva and Washington Apr. 12 and Dec. 4, 1979. Entered into force Mar. 13, 1980. TIAS 9990.

Project agreement for cooperation in the field of icebreaking technology. Signed at Washington July 23, 1981. Entered into force July 23, 1981.

Memorandum of understanding concerning cooperation in the field of transportation. Signed at Washington July 23, 1981. Entered into force July 23, 1981.

Hungary

Agreement within the context of the multilateral trade negotiations on nontariff matters, and related letters of May 30, 1980. Effected by letters done at Geneva Aug. 31 and Dec. 27, 1978, and Jan. 10, 1979. Entered into force Jan. 1, 1980. TIAS 9991.

Agreement amending the Nov. 18, 1978, agreement (TIAS 9992) on tariff matters. Effected by exchange of letters at Budapest Sept. 4 and 18, 1980. Entered into force Sept. 18, 1980. TIAS 9992.

Agreement relating to revision of provision in the tariff schedules of the U.S. Done at Budapest June 13, 1979, and May 30, 1980. Entered into force May 30, 1980. TIAS 9992.

Iceland

Agreement within the context of the multilateral trade negotiations concerning cheese and other agricultural products, and related letter of Jan. 30, 1980. Effected by exchanges of letters at Washington May 16 and 25, June 12, [undated], Sept. 18 and Oct. 15, 1979. Entered into force Jan. 1, 1980. TIAS 9993.

India

Memorandum of understanding setting forth mutual trade concessions and contributions to the multilateral trade negotiations, and related letters of Sept. 4 and Oct. 30, 1980. Signed at Geneva Mar. 24, 1979. Entered into force Apr. 24, 1980. TIAS 9994.

Japan

Agreement within the context of the multilateral trade negotiations concerning Japanese importation of peas and beans. Effected by exchange of letters at Geneva July 11, 1979. Entered into force Apr. 25, 1980. TIAS 9995.

Agreement within the context of the multilateral trade negotiations relating to agricultural and wood products, with annex. Effected by exchange of letters at Geneva July 11, 1979. Entered into force Apr. 25, 1980. TIAS 9996.

Malawi

Agreement between the U.S. and Malawi amending the agreement for sales of agricultural commodities of Dec. 30, 1980. Effected by exchange of notes at Lilongwe May 22, 1981. Entered into force May 22, 1981.

Morocco

Agreement amending the agreement of Sept. 24, 1980, establishing a Provisional Commission on Educational and Cultural Exchange. Effected by exchange of notes at Rabat June 19, 1981. Entered into force June 19, 1981.

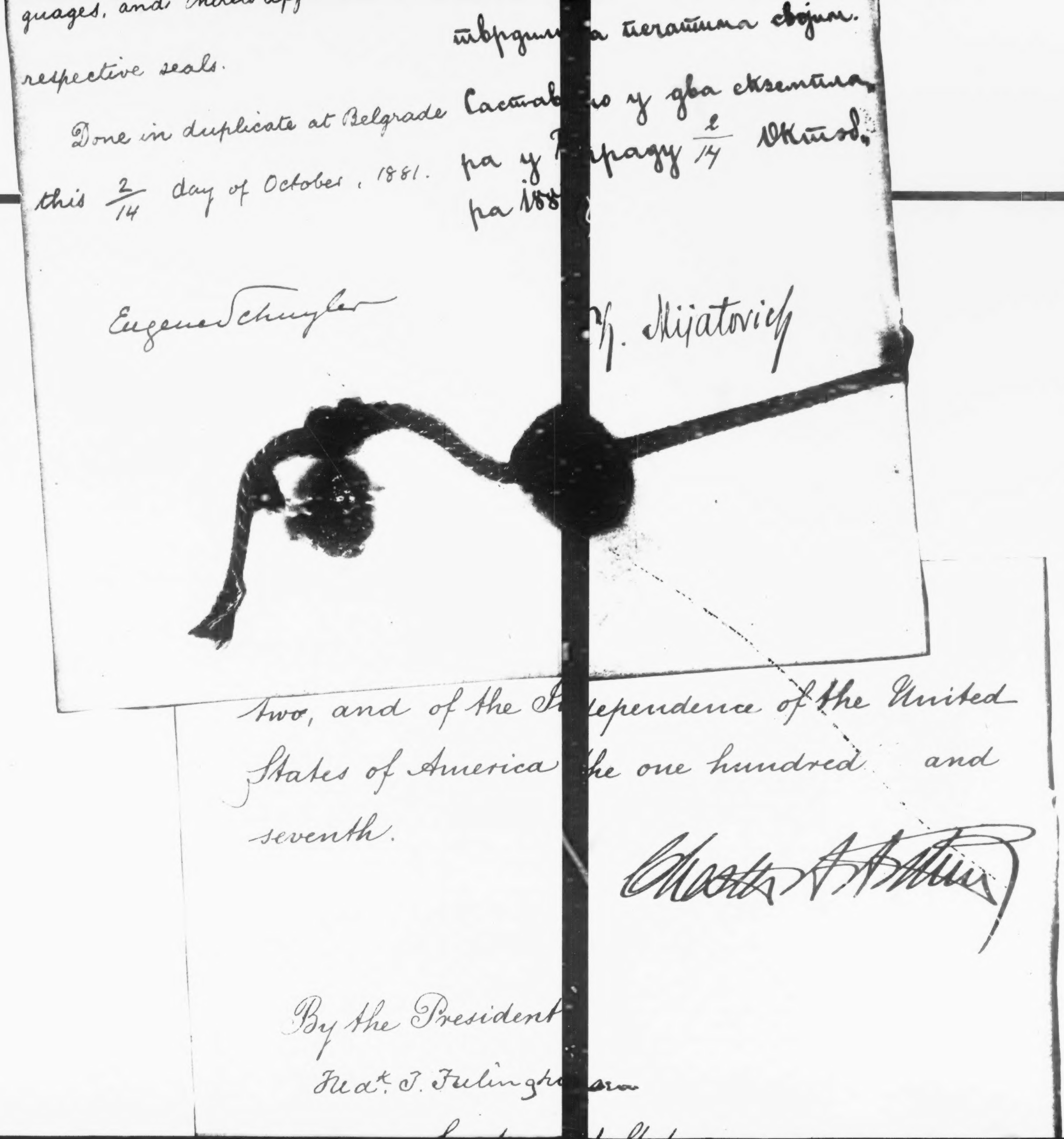
Norway

Arrangement within the context of the multilateral trade negotiations concerning cheeses, and related letter of Jan. 30, 1980. Signed at Geneva May 17, 1979. Entered into force Jan. 1, 1980. TIAS 9997.

Agreement within the context of the multilateral trade negotiations regarding an increase in Norway's global quota for turkey rolls, and related letter of Jan. 30, 1980. Effected by letter done at Geneva June 28, 1979. Entered into force Jan. 1, 1980. TIAS 9998.

Pakistan

Memorandum of understanding relating to concessions and contributions to be made to the multilateral trade negotiations, with related letters, and related letter of Jan. 28, 1980. Done at Geneva Apr. 2 and 11, and Aug. 2 and 30, 1979. Entered into force Aug. 30, 1979. TIAS 9999.



guages, and

respective seals.

Done in duplicate at Belgrade this 2/14 day of October, 1881.

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Састав но у два екземпла-
ра у граду 2/14 Октоб-
ра 188

Eugene Schuyler

Ch. Mijatovich

two, and of the Independence of the United States of America the one hundred and seventh.

Chester A. Arthur

By the President
Fredk. T. Frelingh sen

U.S. Recognition of Serbian Independence

One hundred years ago representatives of the U.S. and Serbian Governments met in Belgrade to sign consular and commercial treaties whereby the United States extended formal recognition to the newly independent state of Serbia. While Serbia had attained autonomy within the Ottoman Empire in 1830 and Turkish troops had withdrawn from the country in 1867, it was not until 1878, following the treaties of San Stefano and Berlin ending the war between the Ottoman Empire and Russia, that Serbia, as well as Romania and Montenegro, became fully independent.

The United States had little direct interest in the Balkans at this time and delayed extending recognition until the major European powers had done so. American interests were essentially commercial—to secure markets for American machinery, pork products, and armaments and to help counteract any tendency for Serbia to become too closely bound in its commercial relationships to Austria-Hungary.

The Americans responsible for negotiating the treaties were of strikingly different backgrounds. One was John A. Kasson, Assistant Postmaster General in the Lincoln Administration and Congressman from Iowa, with little diplomatic experience. The other was Eugene Schuyler, one of the first American experts on Russia and eastern Europe who had spent 9 years at various consular and diplomatic posts in Russia and who had played a prominent role in the Bulgarian independence movement in 1876.[1]

To commemorate the signing of

There are no large proprietors placed in Servia. The people of the country are generally poor, and cultivate only so much soil as their own family can manage with their rude implements, as simple in the workshop as they are on the farm. The rudeness extends to their wagons and to all their draft apparatus. Notwithstanding this, I saw at Belgrade great activity in the wagon and iron shops, extending late into the night; and I was told that the iron smiths worked double sets of hands, covering night and day. In agriculture, and all the industries connected with it, there is in Servia a new and almost raw but fertile world, which western enterprise must soon enter and develope by persistently urging upon the people the advantages of new methods of culture.

Despatch from John A. Kasson
to Secretary of State Evarts,
November 20, 1879

John A. Kasson
(1822–1910)

Born in Vermont, graduated from the University of Vermont (1842). Was admitted to the bar and moved to Missouri in 1850 and to Des Moines, Iowa, in 1857. Was a delegate to the Republican National Convention in 1860 and helped draft the platform. Became first Assistant Postmaster General in the Lincoln Administration. At his suggestion, Lincoln called a postal conference which met in Paris in 1863 and to which Kasson was a delegate. This conference eventually led to the establishment of the International Postal Union. In 1867 Kasson acted as U.S. commissioner in the negotiation of six postal conventions. Served in the U.S. House of Representatives (1863–67), the Iowa State legislature (1868–72), and again in the U.S. House of Representatives (1873–77 and 1881–84). He was minister to Austria-Hungary (1877–81), and in 1884 he was appointed minister to Germany, where he served as the American representative at the international conference to regulate the status of the Congo. In 1889 Kasson was one of the American representatives at the Berlin conference to regulate the status of Samoa. He also was a member of the British-American joint commission which made an unsuccessful effort to solve the Alaskan boundary dispute.

(Library of Congress Photo)

In June 1881 Schuyler went to Belgrade to resume the negotiations. When Prince Milan returned to the capital from a trip abroad, the Council of Ministers convened on June 28 to discuss the draft treaties that Schuyler had given to Foreign Minister Mijatovic. Later that day, Schuyler and Mijatovic quickly reached agreement and initialed the draft treaties on behalf of their governments. Mijatovic wanted to sign the treaties immediately, but Schuyler informed him that the texts had to be approved in Washington.[34] Thus the treaty negotiations that had sputtered for more than a year and a half under Kasson and the previous Serbian Government were concluded with remarkable ease.

Before returning to Bucharest, Schuyler had an audience with Prince Milan, who asked him to thank President Garfield for resuming the negotiations. During his stay, Schuyler revised his estimate of the potential for Serbian-American trade as a result of statistics that showed the United States already was importing Serbian dried plums in the amount of nearly $1 million annually. He now became convinced that there were other openings for American trade with Serbia.[35]

Having submitted copies of the initialed treaties to the Department of State for approval, Schuyler spent most of the summer in Bucharest awaiting a reply. Washington, though, was preoccupied with the shooting on July 2 of President Garfield and his death 11 weeks later. On September 23, shortly after the President died and after Schuyler had sent several anxious telegrams to the Department of State concerning the fate of the agreements, he received a cable approving the texts of the treaties.[36] He set out for Belgrade on October 9, and on October 14 he and Mijatovic signed the consular and commercial treaties. By this act the United States formally recognized the independence of Serbia.[37] That day Prince Milan conveyed to Schuyler his condolences on the death of President Garfield, and the Prince and Mijatovic expressed their great desire that the United States have "a regular if not permanent representative at Belgrade." Schuyler was certain that such an appointment was warranted by American interests, which he said were greater in Belgrade than in Bucharest. From one-half to two-thirds of the Serbian plum crop, he said, was being exported to the United States by way of Budapest and Trieste. He also said that on the basis of the treaties just signed, a fast-working American, whom he did not identify, had obtained "an exclusive concession for a pork-packing establishment on the American plan and with American machinery and processes," which would probably pave the way for other American enterprises being started in Belgrade.[38]

Establishment of Diplomatic Relations

Shortly thereafter, Schuyler returned to the United States to await Senate advice and consent to the treaties. Secretary of State Frelinghuysen had asked that he prolong his stay in the event his expertise was required by the Senate. The Senate finally ratified the treaties on July 5, 1882.[39] Schuyler also received a new commission as minister resident and consul general to Romania, Serbia, and Greece. He was to reside at Athens and was to visit Bucharest and Belgrade at least once a year.[40]

The presentation of his credentials as the first U.S. diplomatic representative to Serbia and the formal exchange of the ratified treaties was delayed by an assassination attempt October 25, 1882, on Milan, who had been proclaimed king earlier that year. The formal presentation did not take place until November 10, 1882.

Accompanied by one of the king's aides and escorted by a troop of cavalry, Schuyler was driven from his hotel to the palace in a court carriage. Upon arrival at the palace, the guard presented arms and a band played "Hail Columbia." Schuyler was received in a solemn ceremony by King Milan, to whom he gave his letter of credence and a letter from President Arthur congratulating him on the assumption of the title and dignity of King of Serbia, and with whom he briefly exchanged formal remarks. Following the audience, Schuyler had a private talk with the king and was subsequently presented to Queen Natalija. He was then returned to his hotel in the same manner that he had arrived.

On November 15 a dinner was given by the king in Schuyler's honor, at which several Serbian ministers and foreign diplomats were present. The king proposed a toast to President Arthur, and Schuyler responded with a toast to the king and the royal family. That evening Schuyler also exchanged with the Serbian foreign minister the official ratifications of the treaties.[41] Schuyler reported that the Serbian-American treaties were being used as models by Serbia in negotiating similar treaties with other countries.[42]

Formal relations between the United States and Serbia, one of the six republics of present-day Yugoslavia, were thereby inaugurated.[43] In 1883 Edward Maxwell Grant, whom Schuyler said was the only American he could find residing in Belgrade, was appointed vice consul there.[44] Schuyler was recalled to Washington in 1884, and his successors at Athens repeatedly complained of difficulties in properly covering events in Serbia and Romania while residing in Athens.[45] In 1883 a Serbian consulate general was established at New York,[46] but it was not until 1917 that Serbia sent a minister to the United States.[47]

Even after leaving Serbia, Schuyler maintained an active interest in the affairs of the country. In an 1889 article surveying Serbian history, Schuyler commented with much favor on the recently-promulgated Serbian Constitution.

> On comparing the new constitution, the definitive text of which lies before me as I write, with the old one and with other constitutions of Europe, what strikes one is the great advantage it has over the old, and then that it is one of the most liberal constitutions in Europe. One might have perhaps a hesitation in accepting all its good qualities, were it not that the Serbians are an honest, straightforward, conservative and law-abiding

been driven into the opposition; their nationalist sensitivities, offended by Soviet domination of Afghanistan's civil and military administrations, proved stronger than Marxist doctrine. This has been particularly true of Khalq military personnel, but Parchamis have also been affected. In mid-July, for example, a considerable number of Parcham families lost their sons when military school cadets were sent into a major battle against the *mujahidin*. This could seriously damage Parcham loyalty, particularly as many in Kabul believe that Soviet soldiers killed many of the Afghan cadets to keep them from retreating or defecting.

National Fatherland Front. As party loyalists lose heart, the failure of plans to demonstrate popular support for the Babrak regime by forming the National Fatherland Front (NFF) is not surprising. The NFF's constituent assembly—originally scheduled for March 21, the Afghan new year's day—was envisioned by DRA officials as a conclave of representatives of all elements of the Afghan population with emphasis on the tribes. It was to be in the tradition of Afghanistan's *Loya Jirgas* (assemblies of tribal chiefs) which have been convened at historic turning points in Afghanistan's political development. The purpose of the envisioned NFF *Jirga* was to endorse, and thus legitimize, the Babrak regime.

The NFF organizing committee, however, was stymied from the first. Despite its efforts in the provinces and tribal areas to persuade or coerce prominent figures to cooperate, lack of enough nonparty participants to make a credible showing prevented the committee from scheduling a meeting in March. The assembly was postponed until April, then May, and once again put off until June.

When the NFF assembly convened on June 15, with much official fanfare, it lasted only 1 day instead of the originally scheduled 4-day propaganda spectacular. Many of the participants who were described as tribal representatives were actually party and government functionaries. Those prominent nonparty persons who collaborated with the NFF now regret it; they have become prime targets for assassination by the resistance. The assassinations of a religious leader from Ghazni and a prominent retired general have received much publicity, and resistance spokesmen have announced a target list of 30 NFF participants. These assassinations starkly underline the dangers of associating with the regime.

Nationality and Tribal Policy. The reorganization of the former Ministry of Tribes and Border Affairs into the new Ministry of Tribes and Nationalities highlights a key element of Babrak's policy under Moscow's guidance. The objective is to discourage a unified nationalist opposition to Kabul by emphasizing the separate cultural and political aspirations of ethnic minorities and tribal groups.

Setting the tribes against one another has been a traditional means of maintaining the government's control, but in the current crisis this tactic has had little success. Instances of tribal collaboration with the Babrak regime appear to have been of limited duration; weapons and bribe money have been accepted from the government but then used to bolster the resistance. Indeed, the presence of a common foreign enemy has led tribes to bury their traditional rivalries and to join in a united effort as they did in the 19th century.

The Soviets, consistent with their nationalities policy in Soviet Central Asia, probably believe that Kabul's tribal and ethnic strategy will eventually prevail. In view of the resistance movement's successes, however, the many tribes and ethnic groups engaged in trying to drive the Soviets out of Afghanistan are unlikely to abandon their effort in the foreseeable future.

Military Situation

A combination of political restraints and operational realities is the principal obstacle to the success of Moscow's military policy in Afghanistan. The fact that the Soviets have not increased their troop strength beyond 85,000, in spite of the continuing military standoff, may reflect concern about the political cost both in the international arena and in the effort to enhance Babrak's image with the Afghan populace. A massive military effort would doom the political strategy and undercut the Soviets' primary military goal of maintaining adequate stability while building up the Afghan forces to fight the *mujahidin*.

This policy has failed badly. The situation has become progressively more unstable, and the Afghan forces are increasingly unreliable. Aggressive resistance tactics have forced the

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U.S. Assistance for Afghan Refugees

The State Department announced July 9, 1981, that the United States has responded to appeals from international relief organizations and the Government of Pakistan with an additional commitment of $21 million for humanitarian assistance to Afghan refugees in Pakistan.

The Government and people of Pakistan have generously received and assisted the Afghans. An ongoing international relief program supports Pakistan's effort in aiding the world's fastest growing refugee population, now estimated to number about 2 million Afghans.

Total U.S. Government contributions for Afghan relief in FY1981 are expected to reach $93 million. In FY 1980 the U.S. Government gave $44 million to assist Afghan refugees.

This new pledge consists of $12 million for the programs of the U.N. High Commissioner for Refugees (UNHCR), $1 million for the medical programs of the International Committee of the Red Cross (ICRC), and $8 million to the Government of Pakistan for the transportation of food and other relief supplies to refugees in Pakistan's Northwest Frontier and Baluchistan Provinces.

Hundreds of thousands of Afghan refugees fled their homeland shortly after the Soviet invasion of Afghanistan in December 1979. Continued persecution and fighting in Afghanistan since the invasion have forced additional tens of thousands of Afghans to seek refuge in Pakistan each month. Most of the refugees arrive destitute and in poor physical condition, after long flights on foot through mountainous terrain. They are almost completely dependent on the Government of Pakistan and international assistance for the essentials of survival—food, shelter, clothing, and medical care.

The U.S. contribution reflects our historic tradition of assistance to victims of persecution and aggression and our concern for the strains that refugee populations place on the societies and economies of developing countries like Pakistan.

Press release 221 of July 9, 1981. ■

Soviets to involve themselves in military operations throughout the country on a daily basis. Suffering from excessive concern with bureaucratic procedures and from a lack of zeal, Soviet forces have not been able to deal decisively with guerrilla ambush operations along all major roads and with expanded guerrilla operations against military and government targets.

Soviet offensives to take important resistance strongholds and to penetrate into territory held by the resistance have failed repeatedly. The most striking recent example is the mid-July effort to drive resistance guerrillas out of the Paghman Mountains, only 12 miles northwest of Kabul. Heavy casualties were sustained by both sides, including hundreds of villagers in the area, but the combined Soviet-Afghan force was forced to retreat. It was impossible for the authorities to cover up this defeat so close to Kabul, particularly as the dead included at least 70 military school cadets.

Other instances of the failure of Soviet offensives include repeated attempts to penetrate the Panjshir Valley, an important resistance stronghold that gives access to the main north-south road in the strategic Salang Pass area, and an unsuccessful attempt in June to take a key guerrilla redoubt in the western province of Nangarhar. Furthermore, most of the central uplands of Afghanistan, the area known as the Hazarajat, remain inaccessible to Soviet troops.

Even though Soviet forces have not been very effective against the insurgents, Soviet casualties probably are not heavy enough by themselves to induce the Soviets to seek a negotiated withdrawal of their forces. Soviet casualty figures are not known, but it is evident that they have lost a considerable number of men and many tanks and helicopters.

That the Soviets are aware of the need to improve their performance is reflected in the measures they have taken to reorganize and tailor their forces to guerrilla warfare. It is unlikely, however, that they will be able to deal satisfactorily with sagging morale. The Soviet soldier whose father fought heroically at Stalingrad does not have a cause in Afghanistan, but his opponent is fighting a holy war.

Efforts to build up the Afghan forces have had even less success. Defections continue, and the morale of those who remain is extremely low. The government's refusal to release soldiers who have completed their extended tours of duty is causing particular unhappiness. The seriousness of the military manpower shortage has been made abundantly clear in many ways; party members have been ordered to the "hot" fronts, forced conscription continues throughout the country, and militia and regular units are suffering unnecessarily heavy casualties because of inadequate training.

Resistance

The *mujahidin* forces are active everywhere in Afghanistan. Drawn from all tribes and ethnic groups, most of them follow local leaders and fight in their own areas. Others, however, are affiliated with the political groups in Peshawar. Rivalries between organizations have led to some major clashes in recent months between *mujahidin* bands over territorial rights, but there have also been many instances of joint operations and sharing of equipment and resources. When word spreads that a *mujahidin* unit is threatened, many others will converge on the area to render assistance.

The resistance fighters recently have been particularly active in the areas north of Kabul and even in the Kabul suburbs. The most dramatic operation occurred in early June when large quantities of ammunition and petroleum stores were blown up at Bagram airbase near Kabul. There have been many other instances of *mujahidin* aggressiveness in recent months along major supply and convoy routes and against government-held provincial and district centers. During the spring and early summer, the government has been forced to abandon additional districts to resistance control. Although the *mujahidin* still cannot take and hold a major city or provincial capital, they have made life increasingly dangerous for government sympathizers in all urban centers.

Mujahidin mobility generally serves to protect them from heavy casualties, although occasionally they are trapped and must stand and fight. There continue to be reports that the Soviets are using potent chemical agents to flush out guerrillas and make them targets for helicopter gunships. More often it is the noncombatant villager sympathizers who bear the full brunt of Soviet retaliation. The continuing heavy flow of refugees to Pakistan, totaling over 2.2 million as of late June 1981, is a constant reminder of the daily destruction, suffering, and upheaval produced by Soviet military operations.

Efforts continue to unite exile resistance groups. Representatives of the six major groups signed an agreement in Peshawar in late June to set up a coordinating council. There are already signs, however, that the council is destined to be short lived.

The guerrilla fighters inside Afghanistan, however, seem to flourish despite the competition among exile groups. Babrak and his Soviet sponsors may be counting on traditional tribal and ethnic rivalries to undermine the *mujahidin*. But nationalist reaction to foreign occupation and the religious fervor of a holy war have proved to be powerful forces in motivating the resistance movement. ■

though greatly hampered by right- and leftwing violence, is significantly broadening participation in the Salvadoran economy. Production of export crops has declined; the production of basic grains and other items for local consumption has remained steady or increased. Both titling and compensation under Phases I and III have been slow and have severely strained El Salvador's technical, administrative, credit, and security resources. Accordingly, Phase II apparently will be postponed at least until after elections in 1982.

Many aspects of the reforms remain controversial. But thousands of El Salvador's poorest citizens who never before had an opportunity to work their way out of a subsistence existence now have a chance to do so.

The Far Right Reacts

Having lost control of the government, opponents of change resorted to private death squads and vigilante bands in a running but losing battle against the reforms.

In early 1980, Maj. Roberto D'Aubuisson, a National Guard officer forced into retirement in October 1979, began to denounce the Christian Democratic-military coalition as a "Communist" movement bent on destroying the traditional fabric of Salvadoran society. D'Aubuisson's demagogy did not shake the new high command's commitment to reform. But it proved a rallying point for those landowners, local bosses, and security force members hostile to the reforms.

Christian Democrats and Catholic activists became prominent targets of a variety of rightist operations, many of which were coordinated by a clandestine "Maximiliano Hernandez Brigade" named for the man who crushed the 1932 revolt. On March 24, 1980—shortly after the land reforms were decreed—Archbishop Romero was shot and killed while saying mass. Since then, several priests and foreign missionaries and more than 60 Christian Democratic mayors and local officials have been assassinated, as well as several hundred trade unionists and thousands of ordinary Salvadorans—often in conditions made all the more appalling by the impossibility of knowing which of the proliferating groups on the extremes of the right and left were responsible.

The violent right had a natural recruitment base in former members of the White Warriors Union and ORDEN. Retired and active duty police and military personnel linked to individual landowners or personally opposed to the government were another source of support. At the same time, guerrilla attacks against individual uniformed personnel provoked strong reactions. Retired and technical military personnel have been assassinated while going about civilian pursuits. In October 1980, guerrillas attacked an officer's home, burning it to the ground. Trapped inside, the officer and his wife and three children burned alive. In the first half of 1981, some 1,300 uniformed men were wounded or killed by guerrillas, sometimes by execution.

The resulting dynamic has led some security force personnel to commit abuses that play into the hands of the guerrillas. In some instances, this has meant tolerance of clandestine death squads financed by the extreme right. In others, it has meant shooting first and asking questions later. Abuses of authority are apparently most common in the Treasury Police and the National Guard, whose men are scattered in small local units vulnerable to rightwing blandishments and guerrilla provocations.

On December 2, 1980, four American Catholic women—three nuns and a lay social worker—were abducted and murdered. In January, two American labor specialists from the A.F.L.-C.I.O. were assassinated together with the head of El Salvador's land reform institute.

While the January murders were apparently the work of private killers, the U.S. presidential mission that studied the murders of the four churchwomen reported circumstantial evidence of security force "complicity, either in the murder or afterwards." [5] On May 9, 1981, the Ministry of Defense announced the detention of six security force members in connection with the murder of the churchwomen. Both investigations continue.

The control of rightist violence and the administration of justice are severely hampered by the disruption of the judicial system and the guerrilla war. Judges and investigators are in personal jeopardy. Jails are inadequate to handle normal criminal cases let alone the perpetrators of political violence.

The Salvadoran Government has taken a variety of measures in an effort to assure that the legitimate forces of order do not conduct themselves according to traditions rooted in the authoritarian past or the even crueler standards established by their new opponents on both extremes.

- In October 1979, ORDEN, the paramilitary organization previously used against government critics, was outlawed.
- In October 1980, a military code of conduct was adopted explicitly prohibiting abuses against noncombatants.
- In December 1980, Duarte became president of the junta, with a mandate to consolidate the reform process and strengthen institutional procedures to resolve conflicts peacefully.
- The high command is working to enforce discipline within the security forces and strengthen military judicial procedures. A number of officers sympathetic to the violent right have been removed from command positions or sent out of the country.

These and other measures are gradually reducing institutional violence. But the cycle of violence and counterviolence will be broken only when a democratic solution thwarts those who seek a solution by killing.

The Communists Interfere

While the Christian Democrats and the new military high command were launching the reforms, Cuba and several other Communist countries were beginning a concerted effort to impose a Marxist-Leninist dictatorship by force.

In meetings in Havana in December 1979 and May 1980, Fidel Castro helped the FPL, ERP, and FARN to unite with the Moscow-line Salvadoran Communists into a guerrilla alliance (the DRU or United Revolutionary Directorate). From then on, with Communist Party Secretary General Jorge Shafik Handal as the emissary, Cuba worked with the DRU to obtain arms from Vietnam, Ethiopia, the Palestine Liberation Organization, and Eastern Europe.[6]

Cuba's Strategy. Creating a unified military command and supplying modern armaments were only part of a broad political-military strategy. This strategy also included training an ideologically committed military cadre in Cuba and developing a concerted international propaganda campaign to discredit nonviolent solutions.

Only the external elements of this Cuban strategy proved successful. Those elements that depended on conditions inside El Salvador failed.

Propaganda. The effort to discredit moderate solutions is led by the Democratic Revolutionary Front (FDR). Organized in April 1980 as an umbrella coalition including some small non-Marxist-Leninist parties, the FDR is in practice controlled by the DRU, which controls the guns and reviews all FDR decisions, organizational arrangements, and personnel appointments. Given an aura of legitimacy by some prominent Salvadorans in exile, the FDR carries out extensive propaganda activities in the United States and Europe with the objective of hindering or preventing any foreign support not benefiting the guerrillas.

Unfounded claims and accusations are replayed to regional and world audiences by Cuba's Radio Havana or Prensa Latina, the official Soviet press agency (TASS), Radio Moscow, and East European media. For example, a false 1980 report of a U.S. soldier killed in El Salvador that echoed widely in Cuban-Soviet propaganda was traced finally to the Salvadoran Communist Party. This rumor was used to breathe life into an even bigger lie: that hundreds of U.S. soldiers were in El Salvador, building U.S. bases, destroying villages, and herding peasants into Vietnam-style strategic hamlets. (Then as now there were *no* U.S. combatants, bases, or strategic hamlets in El Salvador.)

Arms. In December 1980, the guerrillas began to employ U.S.-made M-16 and M-14 rifles, M-79 grenade launchers, and Chinese-made rocket-propelled grenade launchers. In January 1981, Salvadoran authorities destroyed aircraft flying arms from Nicaragua to El Salvador and captured a pilot involved in this traffic; Honduran authorities captured a truck carrying weapons and ammunition destined for the guerrillas. Most of the M-16s on the truck were individually traced directly to Vietnam, where they had been left behind when U.S. units withdrew.

The Guerrillas Falter. After the March 1980 reforms, the guerrillas found themselves unable to build the "popular army" their strategy and propaganda called for. Occasionally paying and coercing recruits, they began to use direct military measures and terrorism against the general public.

In the summer of 1980, the FDR/DRU called for general strikes three times—in June, July, and August. The first was inconclusive, the second had to be postponed, and the third was a total failure despite all-out efforts, including bombing places of work and burning buses and assassinating their drivers in an effort to prevent people from going to work.

The guerrillas responded to their repeated failures to enlist popular support by falling back on Augustin Farabundo Marti's 1932 instructions to apply "merciless terror." [7] A 1980 guerrilla document entitled *On Armed Insurrection* noted that "the people use different forms and methods of struggle but the combat, armed, and violent forms are those that play the fundamental role, the determining role . . . ." [8]

On October 29, 1980, however, a letter to the DRU coordinator in Managua complained that the people were "becoming progressively confused and are being affected by the defeatist attitude Duarte and his lackeys are trying to instill among the people."

The guerrillas—and their Cuban and Soviet sponsors—stuck to their original plan. On January 10, 1981, broadcasting from a clandestine radio station in Nicaragua, the guerrillas proclaimed that "the decisive hour has come to initiate the decisive military and insurrectional battles for the seizure of power." [9] Using the modern weapons smuggled to them from Vietnam and other distant countries, guerrilla units struck at 40-50 locations, downed two helicopters, overran one isolated National Guard post, and forced the army to draw heavily on its ammunition reserves.

But El Salvador's people again ignored the guerrilla appeals. The army remained united and fought well. At great cost to both sides, the offensive was contained.

A Democratic Outcome?

The pattern inside El Salvador since early 1981 suggests that the foundations for an improved future are present.

- Many of the weaknesses of El Salvador's institutions derive from traditional power groups and patterns now on their way out.
- The centrist coalition between the Christian Democratic Party and the new military leadership—formed in the midst of predictions that it could not last—is now almost 2 years old, demonstrating that change can come about by institutional means.
- Excesses and failures have pricked the bubble of guerrilla claims of invincibility and popular support. On March 8, Apostolic Administrator Rivera y Damas spoke for millions of ordinary Salvadorans when he said: "The groups on the left have made violence an absolute end in itself and magnified their adherence to Marxism. That is why most of the public has turned its back on them. . . . Terrorism is not liberation."
- After years of fruitless bloodshed, the resilience of Salvadorans is evident in an emerging national consensus against violence. The church, the trade unions, agrarian organizations, professional bodies, and modern businessmen are now all increasingly engaged in seeking a peaceful solution to the conflict.

The Government. The December 1980 reorganization improved government efficiency. Gutierrez is Vice President and military commander. Jose Antonio Morales Ehrlich, a former Christian Democratic mayor of San Salvador, has special responsibilities for implementing the land reform. Jose Ramon Avalos Navarrete, a politically independent physician, is responsible for public health and social welfare. Foreign Minister Fidel Chavez Mena was largely responsible for the peace treaty that ended the 1969 war with Honduras. Defense Minister Col. Jose Guillermo Garcia has played a key role in maintaining military unity behind the reform program of the October 1979 manifesto. And the charismatic Duarte has emerged as a national leader of courage and skill.

Business. As the conflict escalated, and particularly after they had lost control of the government, many of El Salvador's traditional wealthy fled the country. Most modern and middle-class businessmen, however, stayed behind. Many of them are now organized in the "Productive Alliance."

Important differences still divide most businessmen from the reformist Christian Democrats and the nationalist army. A private sector symposium held in San Salvador July 24-26, 1981, opposed further reforms and called for greater business representation in government. For the first time, however, the symposium resolution also "recognized" the need to be "constructive" about existing reforms.

The Catholic Church. On January 18, 1981, Apostolic Administrator Rivera y Damas criticized the government for still not bringing institutional

Poland

Agreement relating to tariff and nontariff matters within the framework of the multilateral trade negotiations, and related letters of June 27 and Oct. 20, 1980. Effected by exchange of letters at Geneva Feb. 28, 1979. Entered into force Jan. 1, 1980. TIAS 10001.

Portugal

Agreement relating to beef and cheese within the context of the multilateral trade negotiations, and related letters of Feb. 4 and 12, 1980. Effected by exchanges of letters at Washington June 12 and 18 and Nov. 5 and 7, 1979. Entered into force Jan. 1, 1980. TIAS 10002.

Romania

Agreement relating to tariff and nontariff matters within the framework of the multilateral trade negotiations, and related letters of Sept. 30. 1980. Effected by letters done at Bucharest and Washington Mar. 2 and Nov. 8, 1979. Entered into force Jan. 1, 1980. TIAS 10000.

Agreement amending the agreements of Jan. 6 and 25, 1978, as amended (TIAS 9166, 9211, 9212, 9570), relating to trade in cotton textiles, and Sept. 3 and Nov. 3, 1980, (TIAS 9911) relating to trade in wool and man-made fiber textiles and textile products. Effected by exchange of letters at Bucharest July 13 and 20, 1981. Entered into force July 20, 1981.

St. Vincent and the Grenadines

Agreement relating to the establishment of a Peace Corps program in St. Vincent. Effected by exchange of letters at Bridgetown and St. Vincent May and June 26, 1980. Entered into force June 26, 1980.

Somalia

Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Mogadishu Apr. 5 and June 6, 1981. Entered into force June 6, 1981.

South Africa

International express mail agreement, with detailed regulations. Signed at Pretoria and Washington May 25 and June 29, 1981. Entered into force July 1, 1981.

Sweden

Agreement within the context of the multilateral trade negotiations concerning cheese and other agricultural products, and related letters of Jan. 30 and Feb. 19, 1980. Done at Geneva June 13, July 5 and 10, 1979. Entered into force January 1, 1980. TIAS 10003.

Switzerland

Agreement within the context of the multilateral trade negotiations regarding motor vehicles, and related letter of Nov. 19, 1980. Effected by letter done at Bern Apr. 11, 1979. Entered into force Jan. 1, 1980. TIAS 10004.

Arrangement within the context of the multilateral trade negotiations concerning cheeses, with exchange of letters, and related letter of Nov. 19, 1980. Done at Geneva and Bern Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 10005.

Commitment of Switzerland within the context of the multilateral trade negotiations concerning access to its market for beef, and related letter of Nov. 19, 1980. Done at Geneva and Bern Apr. 12 and July 10, 1979. Entered into force Jan. 1, 1980. TIAS 10006.

Agreement within the context of the multilateral trade negotiations concerning the treatment of certain chemicals. Effected by exchange of letters at Geneva and Washington Dec. 18 and 21, 1979. Entered into force Dec. 21, 1979. TIAS 10007.

U.S.S.R.

Memorandum of understanding to extend the agreement of Oct. 20, 1975, (TIAS 8206) on the supply of grain by the U.S. to the U.S.S.R. Signed at Vienna Aug. 5, 1981. Entered into force Aug. 5, 1981.

Uruguay

Memorandum of agreement relating to provision of Federal Aviation Administration services to the Government of Uruguay. Signed at Washington and Montevideo Mar. 19 and 20, 1981. Entered into force Mar. 20, 1981.

Zambia

Agreement for sales of agricultural commodities, relating to the agreement of Aug. 4, 1978, with minutes of negotiation. Signed at Lusaka July 22, 1981. Entered into force July 22, 1981.

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[1] Not in force.
[2] Not in force for the U.S.
[3] With reservation.
[4] Applicable to Berlin (West).
[5] With understanding. ■

CHRONOLOGY

August 1981

August 1

Secretary Haig and Foreign Ministers of 8 industrialized and 14 developing countries attend a preliminary meeting on cooperation and development in Cancun, Mexico, Aug. 1–2.

Gen. Omar Torrijos Herrara of Panama is killed in a plane crash in western Panama. Torrijos had ruled Panama since 1968.

Iran's Ayatollah Khomeini confirms Mohammed Ali Rajai as the new President.

August 3

Israel and Egypt sign an agreement establishing the 2,500-member multinational force and observers in the Sinai; Secretary Haig on behalf of the U.S. as a witness.

First meeting of the new session of the Law of the Sea Conference reconvenes. James L. Malone, Assistant Secretary of Oceans and International Environmental and Scientific Affairs, heads the U.S. delegation.

August 5

Egyptian President Sadat makes official visit to Washington, D.C., Aug. 5–6.

A three-man military junta assumes control of the Government of Bolivia, making this the 190th government Bolivia has had in its 156-year history.

August 10

U.N. Conference on New and Renewable Sources of Energy is held in Nairobi, Kenya, Aug. 10–21. U.S. delegation is headed by Ambassador James Stromayer.

August 11

Two F-15 jet fighter aircraft scheduled for delivery to Israel are placed under the same suspension as 10 F-16s which were to have been shipped earlier.

August 13

20th anniversary of the construction of the Berlin Wall.

August 17

President Reagan announces completion of review regarding Israeli use of U.S.-supplied military equipment and lifts 10-week suspension on the shipment of F-15 and F-16 jet aircraft to Israel.

August 18

U.S. completes its obligations under the agreement that won freedom for U.S. hostages in Iran. A transfer of $2 million in Iranian assets will go to the Iranian Government and the remainder to an international tribunal in the Netherlands which will rule on claims against Iran by U.S. companies.

August 19

Two U.S. Navy F-14s shoot down two Soviet-built Libyan jets after being fired on by one of the Libyan planes. The incident occurs over international waters 60 nautical miles off the Libyan coast.

PRESS RELEASES

August 21
U.S. and Mexico announce an agreement that the United States will purchase 110 million barrels of oil from Mexico for its strategic petroleum reserve.

Anniversary of 1968 Soviet invasion of Czechoslovakia.

August 24
The Reagan Administration notifies Congress of its decision to sell five airborne warning and control systems (AWACS) planes and other air defense equipment to Saudi Arabia.

August 25
Egyptian President Sadat and Israeli Prime Minister Begin meet in Alexandria, Egypt, for the 11th round of summit talks for discussion about normalization of relations and plans for resumption of Palestinian autonomy talks.

The State Department and HIAS, a Jewish refugee aid organization, state they oppose Israel's plan to refuse aid to Soviet Jews wishing to emigrate to countries other than Israel. Israel contends that the refusal of Soviet Jews to settle in Israel jeopardizes Soviet permission for others to emigrate. U.S. Government pays most resettlement costs for emigrating Soviet Jews.

August 26
U.S.-Japan agreement prohibits U.S. export to Japan of produce coming from parts of California quarantined because of Medflies. Produce from other States may pass through California en route to Japan if shipped in sealed containers. Produce from noninfested areas of California must be treated before shipment.

The office of William Wilson, U.S. envoy to the Vatican, asks the Italian Government "to take appropriate action" in protest to an article by Soviet writer Vladimir Katin which "implicates by innuendo" the U.S. Government and its envoy in the May 13 attack on Pope John Paul II.

Pentagon officials report that North Korea fired a surface-to-air missile at an American SR-71 reconnaissance aircraft near the Demilitarized Zone: the U.S. plane, which was not hit, was flying in South Korean and international airspace.

August 28
In a joint declaration, Mexico and France recognize El Salvador's guerrilla-led opposition as a "representative political force." They call for free elections and a restructuring of the military forces.

August 29
Assistant Secretary for African Affairs Crocker states that the United States will not take sides between blacks and whites in South Africa or try to undermine the South African Government "in order to curry favor elsewhere."

August 30
Iranian President Mohammed Ali Rajai and Prime Minister Mohammed Javad Bahonar are killed by a bomb planted in the Prime Minister's offices.

August 31
Hajatolislam Hashemi Refsanjani, speaker of parliament, and Ayatollah Abdulkarim Mussavi Ardabeli, Chief Justice of Iran, are named to run Iran until new presidential elections can be held.

U.S. vetoes a U.N. Security Council resolution condemning South Africa for its incursions into Angola. The resolution demanded immediate withdrawal of South African forces, but made no reference to the Cuban military presence in Angola, Soviet supplied materiel for SWAPO, or SWAPO raids into Namibia from Angola.

An explosion damages European headquarters of the U.S. Air Force at Ramstein, West Germany, injuring 20 people.

A series of bombings in Lima, Peru, damages the U.S. Embassy, the U.S. Ambassador's residence, and four companies with U.S. connections: There were no injuries. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*260	8/3	Program for the state of Egyptian President Sadat, Aug. 4–9.
261	8/4	Haig: remarks en route to Cancun, July 31.
262	8/5	Haig: interview on the "Today" Show.
263	8/5	Haig: departure statement, Cancun, Aug. 2.
*264	7/31	Davis R. Robinson sworn in as the Legal Adviser (bio. data).
*265	8/6	Parker W. Borg sworn in as Ambassador to Mali (bio. data).
*266	8/6	Frederic L. Chapin sworn in as Ambassador to Guatemala (bio. data).
267	8/6	Haig: press briefing on the visit of President Sadat.
*268	8/11	Robert Carl McFarlane sworn in as Counselor of the Department of State (bio. data).
*269	8/11	U.S., Romania amend textile agreements, July 13 and 20.
*270	8/11	U.S., Malaysia establish administrative arrangement to textile agreement, July 17 and 20.
271	8/12	Haig: address before the American Bar Assoc., New Orleans, Aug. 11.
271A	8/12	Haig: question-and-answer session following address before ABA, Aug. 11.
*272	8/12	U.S. Organization for the International Radio Consultative Committee (CCIR), study group CMTT, Sept. 2.
*273	8/12	U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, Sept. 3.
*274	8/12	Arthur W. Hummel, Jr., sworn in as Ambassador to China (bio. data).
*275	8/12	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on ship design and equipment, Aug. 27.
276	8/12	Anniversary of the Berlin Wall.
277	8/13	Refugee advisory panel reports to Secretary Haig.
278	8/13	U.S., Canada press release on Pacific salmon issues.
279	8/14	Haig: remarks on "Good Morning, America."
*280	8/17	SCC, SOLAS, panel on bulk cargoes, Sept. 2.
*281	8/17	SCC, SOLAS, working groups on subdivision, stability, and load lines and safety of fishing vessels, Sept. 10.
*282	8/17	SCC, SOLAS, working group on standards of training and watchkeeping, Sept. 16.
*283	8/19	Julius Walker sworn in as Ambassador to Upper Volta (bio. data).
284	8/19	Japanese imports of fruits and vegetables from California.
*285	8/24	SCC, SOLAS and tonnage subcommittee, Sept. 9.
286	8/24	Haig: interview on CBS News, Aug. 19.
287	8/24	Haig: interview on "Issues and Answers," Aug. 23.
*288	9/3	SCC, SOLAS, working group on radio communications, Sept. 24.
*289	8/28	U.S., Macau establish textile visa system, Aug. 21.
*290	8/28	U.S., Singapore amend textile agreement, Aug. 7 and 13.
*291	8/28	U.S., Singapore amend textile agreement, Aug. 7 and 13.
292	8/28	Haig: news conference.

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*Not printed in the BULLETIN. ■

Eugene Schuyler
(1840–1890)

Born in Ithaca, New York. Graduated from Yale University (1859). Thereafter studied languages and philosophy at Yale and was among the first group of Yale students to receive a Ph.D. degree from that institution (1861). Appointed consul at Moscow in 1867. Appointed consul at Revel in 1869 and later that year became secretary of legation at St. Petersburg, where he served until 1876. From 1876 to 1878 he was consul general and secretary of legation at Constantinople, and was consul at Birmingham (1878–79) and consul general at Rome (1879–80). From 1880 to 1882 Schuyler was diplomatic agent (later charge d'affairs) and consul general at Bucharest. From 1882 to 1884 he was consul general and minister resident to Romania, Serbia, and Greece. Served as diplomatic agent and consul general at Cairo (1889–90).

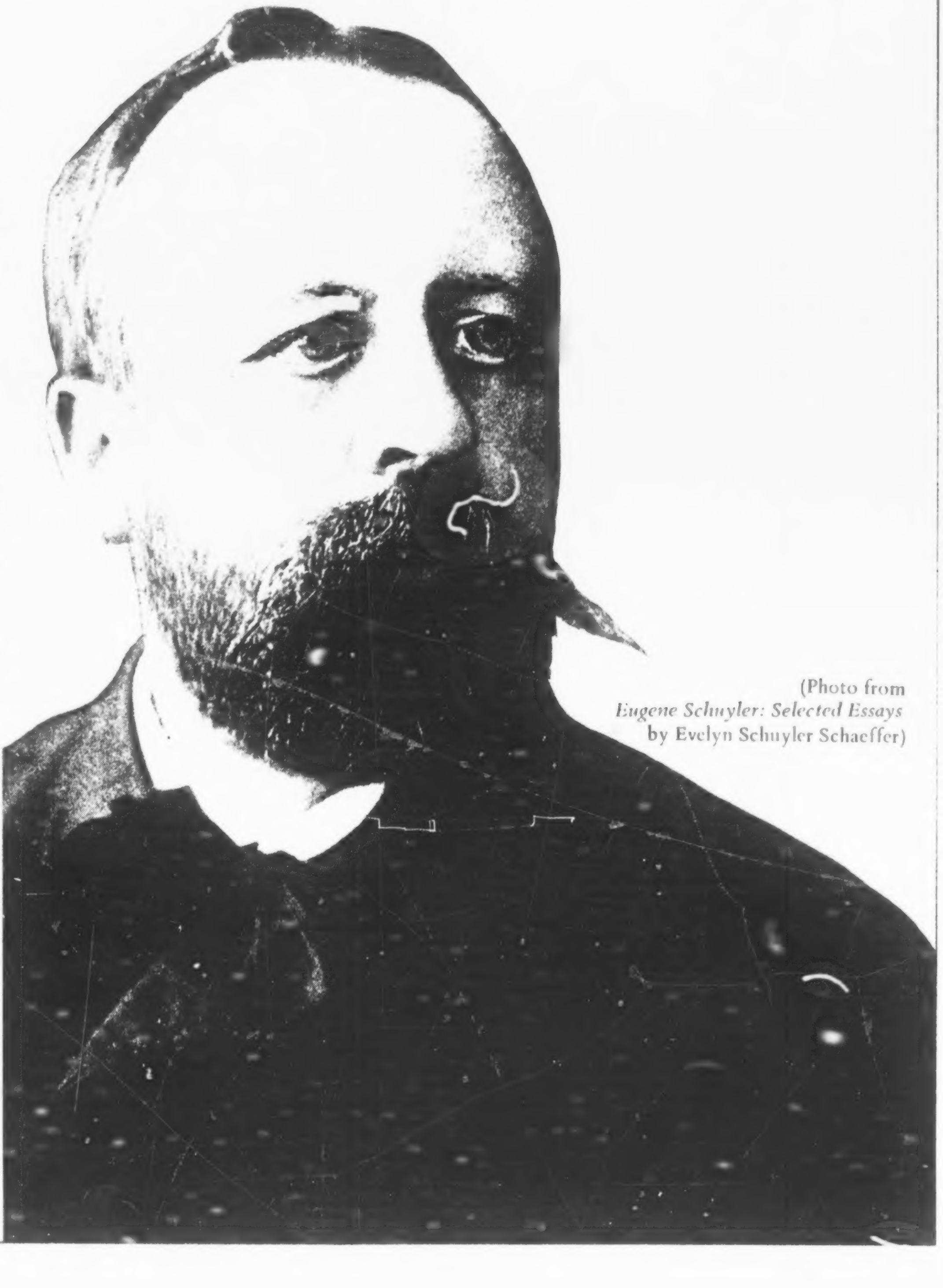
I have the honour to present to Your Majesty the letter of the President of the United States of America accrediting me as their Minister Resident and Consul General near the Government of Your Majesty. The President has instructed me to express to Your Majesty his friendly feelings and his wishes for the welfare and happiness of Your Majesty and of the Serbian people.

He believes that in establishing a Legation at Belgrade he will do much for the increase of the commercial and friendly relations between the two countries.

I have the honour at the same time to present to Your Majesty a letter from the President (which the delays of my journey have prevented me from presenting sooner) in which, on the part of the American people, he congratulates Your Majesty on the assumption of the dignity and title of King of Serbia, and in which he begs Your Majesty to believe in the sincere wishes of the American people for the peace and welfare of the Serbian nation, whose longings for independence, after centuries of struggle, have at last been realized.

The President has also instructed me to express to Your Majesty his sentiments of horror at the attempt recently directed against your person, his congratulations for your happy preservation, and his wishes for your good health and long life.

Eugene Schuyler Upon
Presentation of Credentials
to King Milan of Serbia,
November 10, 1882



(Photo from *Eugene Schuyler: Selected Essays* by Evelyn Schuyler Schaeffer)

Feature

U.S. Recognition of Serbian Independence

these two treaties, the following article was written by Ronald D. Landa, Office of the Historian, Bureau of Public Affairs.

Early Contacts

When Ottoman troops were withdrawn from Serbia in 1867, the U.S. consul at Bucharest, Romania, Ludwig J. Czapkay, suggested that the United States appoint a "consular agent" at Belgrade. He acknowledged that the United States might have "no direct interest to watch over there," but he hastened to point out that all the major European powers had appointed consuls general at Belgrade.[2]

The Department of State authorized Czapkay to nominate a "suitable person" for this position.[3] He asked the Serbian diplomatic representative in Bucharest, Kosta Magazinovic, to recommend someone, possibly an American citizen. U.S. consular agents served without pay, and Magazinovic's inquiries revealed that there was no one willing to assume the position. Magazinovic informed Czapkay that the Serbian Government instead preferred that Czapkay himself be named consul at Belgrade, since Serbia had the same relationship with Turkey as did Romania.

In reporting this information to the Department of State, Czapkay went so far as to suggest that if he were appointed consul at Belgrade, he should simultaneously be named consul at the Hungarian capital of Pest, which had no U.S. consular representation. Czapkay also suggested that he be allowed to move his residence to Pest, claiming that the climate in Bucharest and Belgrade was very unhealthy. Moreover, the cost of living in those two cities was high, and there were no consular fees to be obtained.[4] Czapkay did not mention that, although he was an American citizen living in California at the time of his appointment to Bucharest, he had been born in Hungary.[5] The Department of State rejected Czapkay's request to transfer his consular office to Pest and ignored his comments regarding the appointment at Belgrade.[6]

In the spring of 1868 Czapkay applied for and received a leave of absence from his post at Bucharest to visit various spas in Austria-Hungary. Just before departing, he learned of the assassination on June 10 of the Serbian Prince, Michael Obrenovic. In a note of sympathy which he gave to Magazinovic, Czapkay recalled that only 3 years before, President Lincoln had met a similar fate. He expressed assurances that Prince Michael's death "will excite the most profound sympathy on the part of the Government and people of the United States of America." The property and archives of the consulate were left in the hands of Magazinovic.[7] The curious situation thereby developed where a Serbian official, with whose government the United States had no official relations, served informally as chargé d'affaires for the United States.

Czapkay eventually returned to the United States to attend to personal business. In 1869, when the Department of State failed to respond to a request for an extension of his leave of absence and ignored a plea from his wife to the Secretary of State that he be given the consular post at Pest, Czapkay resigned his position at Bucharest. It was later learned that Magazinovic, apparently in 1869, had left Bucharest without transferring the consular powers to another agent.[8] Thus the initial U.S.-Serbian official contacts came to an end.

Response to Serbian Independence

Between 1875 and 1877 the inhabitants of Bosnia-Herzegovina staged an insurrection against the Ottoman Empire and were aided by Serbia and Montenegro. On the eve of Serbia's declaration of war against Turkey in June 1876, the U.S. consul general and secretary of legation at Constantinople, Eugene Schuyler, visited Belgrade and was greatly moved by the war fervor. Schuyler noted that he could hardly control his own emotion when he thought "of the ruin that might come upon the country, the bombardment of this pretty town, and the terrible cruelties that would be perpetrated in consequence of this popular enthusiasm." The American diplomat was able to talk with the 22-year-old Prince Milan, who had become Prince following a brief regency in the wake of Michael's death in 1868. The Prince was "handsome and well-built and singularly intelligent and well-informed," said Schuyler, who found Milan better acquainted with events in America than many Americans in Paris.[9] By 1877 Turkey managed to defeat Serbia and Montenegro, who were forced to sue for peace.

In 1877 Russia declared war on Turkey on behalf of the Balkan Slavs. Following a 9-month campaign, from which Russia emerged victorious, the other major European powers, meeting at Berlin in the summer of 1878, negotiated a settlement which, among other things, acknowledged the complete independence of Romania, Montenegro, and Serbia.

The breakdown of communication in the Ottoman Empire during the war prompted the U.S. minister in Vienna, John A. Kasson, to assume responsibility for the interests of U.S. citizens in Romania and Serbia. Kasson, a 56-year-old lawyer from Iowa, had helped draft the Republican Party platform in 1860 and had been named Assistant Postmaster General in Lincoln's Administration. He had represented Iowa in the U.S. House of Representatives (1863–67 and 1873–77). In the interim he had served in the Iowa State legislature and briefly as U.S. commissioner to negotiate postal conventions with various European powers.

Kasson closely followed the proceedings at Berlin. Based on his analysis of the provisions of the treaty of Berlin as they applied to Romania and Serbia, he strongly urged the Department of State in August 1878 to establish consular relations with these two principalities.[10] A consul had earlier been appointed at the Romanian port of Galatz,[11] but no appointments to Serbia were made. In November 1878 Kasson reported that Italy and Austria-Hungary had already appointed ministers plenipotentiary at Bucharest, that Germany was intending to do the same, and that Russia had appointed a minister resipeople, who have done so well under an imperfect constitution that they may be fairly trusted to work this one rightly. The statement of rights of Serbian citizens is very clearly expressed, and they are fully equal to those of Americans or Englishmen.[48]

While an American and a Yugoslav scholar, looking back on the period of U.S. recognition of Serbian independence, agreed that Kasson was less sentimental in his dealings with Serbia than was Schuyler, whom they considered a Slavophile,[49] one must credit each with great determination, energy, and vision in helping to establish Serbian-American relations.

A Minnesotan in Search of Serbian Treasure

On one of my visits to Belgrade I happened to hear some vague rumors about an unfortunate American who had been seeking for treasure in several of the old ruined castles of Serbia. I heard enough to interest me deeply, and seized the first occasion for obtaining accurate information. What I am now about to tell was chiefly derived from Mr. Miyatovitch, afterwards Minister of Foreign Affairs, but at that time Minister of Finance. . . .

In July, 1875, a man, evidently a foreigner, came to the Ministry of Finance at Belgrade. When he obtained an interview with the Minister, and was asked why he came to Serbia, and why especially he wished to see the Minister of Finance, he said—in a strange German-English dialect—that he was a citizen of the United States and owned a farm in Minnesota which he worked with his children; but that he was unfit for hard work, as he had served in the war as a private, had been wounded, and was then receiving a pension of six dollars a month. . . .

He then said that he was of Serbian origin; that his name was August Boyne de Lazar; that he was born in Chemnitz in Saxony in 1818; and that after the revolution in 1848, in which he was implicated, he had emigrated to the United States. He claimed to be descended from a family closely related to that of Prince Lazar; which was once so rich and powerful that it owned Sokol, Shabatz, and other towns in the Shumadia—that wonderful forest-country, even the name of which is derived from a word expressing the rustling of the leaves. When he said this, the Minister, who is well-versed in history, remembered an old tradition that the Obolitch family had owned property in this region; and he advised the American, if he searched at all, to confine himself to the delta between the Sava and the Drina, where these towns are situated. . . .

Boyne spent a whole year in that part of the country, and then began to explore the districts of Morava and Kraguyevatz. He occasionally returned to Belgrade; and the Minister, who had become more and more interested in him and had been greatly impressed by his straightforwardness, his earnestness, and his simple piety, assisted him from time to time with food, linen, clothes, and even money. Boyne had gradually learned a little Serbian, and wherever he went tried to do good to the people about him; leaving a most favourable opinion of him on all with whom he had to do. What particularly struck my friend the Minister was that he generally prayed aloud, and that his prayers were extemporized, and suited to particular circumstances. "I was deeply touched," the Minister said, "when he prayed for Serbia, the Prince, the whole Serbian nation; and especially for the children of this nation who frequent the schools, upon whom he implored the Almighty's blessing. . . . "

In May, 1876, Boyne was full of hope, and said that he had found certain signs of an old ruined castle not far from Kraguyevatz. He came again to Belgrade in June during a period of great heat, on foot and utterly destitute; and was almost immediately taken ill. The Minister was absent at the time; but a lady went to see him in the wretched cottage where he had found a lodging, and provided him with linen and other necessaries. This friend on a later visit found that everything had been stolen from him in the weak state in which he was; and therefore had him transferred to the hospital. . . . When the Minister returned to Belgrade he went to see poor Boyne, and found him dying. He expired on the morning of August 3, 1876, and was buried among the poor in the highest spot of the cemetery of Belgrade, whence there is a lovely view over the Danube. The body of this unknown and friendless American, the possible descendent—and the last—of the hero King Lazar, was followed to the grave by one mourner only—the Serbian Prime Minister. . . .

Eugene Schulyer, "The Minnesota Heir of the Serbian King: A Consular Experience," in Evelyn Schuyler Schaeffer, *Eugene Schuyler: Selected Essays* (New York: Charles Scribner's Sons, 1901), pp. 303–320.

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[1] See Edward Younger, "The Early Diplomatic Career of John A. Kasson," unpublished Ph.D. dissertation, George Washington University, 1942, and Younger, *John A. Kasson: Politics and Diplomacy from Lincoln to McKinley* (Iowa City: State Historical Society of Iowa, 1955). Regarding Schuyler's career, see Marion Moore Coleman, "Eugene Schuyler: Diplomat Extraordinary from the United States to Russia, 1867–1876," *Russian Review*, VII (Autumn 1947), pp. 33–48; and Ronald J. Jensen, "Eugene Schuyler and the Balkan Crisis," *Diplomatic History*, V (Winter 1981), pp. 23–37. A biographical sketch by Schuyler's sister, with extracts from his diary and letters to his family and friends, is in Evelyn Schuyler Schaeffer, *Eugene Schuyler: Selected Essays* (New York: Charles Scribner's Sons, 1901). Professor Jensen of George Mason University is currently at work on a biography of Schuyler.

[2] Despatch 21 from Bucharest, May 16, 1867. (National Archives, Record Group 59, Despatches from U.S. Consuls at Bucharest, vol. 1)

[3] Instruction 13 to Bucharest, June 12, 1867. (*Ibid.*, Instructions to U.S. Consuls, vol. 46)

[4] Despatch 39 from Bucharest, December 10, 1867. (*Ibid.*, Despatches from U.S. Consuls at Bucharest, vol. 1)

[5] A copy of Czapkay's certificate of naturalization, dated August 7, 1866, at San Francisco, and a long letter to Secretary of State Seward from the Hungarian patriot, Louis Kossuth, dated January 20, 1866, recommending Czapkay for the consular post at Bucharest, are *ibid.*, Letters of Application and Recommendation During the Administrations of A. Lincoln and A. Johnson.

[6] Instruction 35 to Bucharest, June 26, 1868. (*Ibid.*, Instructions to U.S. Consuls, vol. 49)

[7] Despatch 52 from Bucharest, June 12, 1868, and despatch 55 from Bucharest, July 1, 1868. (*Ibid.*, Despatches from U.S. Consuls at Bucharest, vol. 1)

[8] Despatch 71 from Czapkay at San

Francisco, April 9, 1869, and despatch 73 from San Francisco, June 30, 1869, (*ibid.*); Letter from Mrs. L. J. Czapkay to Secretary of State Seward, December 15, 1868 (*ibid.*, Letters of Application and Recommendation During the Administrations of A. Lincoln and A. Johnson); letter from Adolph Buchner, Bucharest, December 26, 1869, to Secretary of State Hamilton Fish (*ibid.*, Despatches from U.S. Consuls at Bucharest, vol. 1).

[9] Schuyler's letter to Miss King, Belgrade, June 28, 1876, quoted in Schaeffer, *Eugene Schuyler: Selected Essays*, pp. 57–59.

[10] Despatch 105 from Vienna, August 3, 1878. (*Foreign Relations of the United States, 1878* (Washington: Government Printing Office, 1878), pp. 50–51)

[11] Timothy C. Smith was appointed consul at Galatz on May 23, 1878. (*Register of the Department of State* (Washington: Government Printing Office, 1879), p. 30)

[12] Despatch 126 from Vienna, November 12, 1878. (*Foreign Relations of the United States, 1879* (Washington: Government Printing Office, 1879), p. 38)

[13] *Ibid.*

[14] Instruction 67 to Vienna, December 2, 1878. (National Archives, Record Group 59, Diplomatic Instructions of the Department of State, Austria, vol. 1).

[15] Despatches 180 and 181 from Vienna, March 31, 1879. (Foreign Relations of the United States, 1879, pp. 58-61).

[16] Kasson left Vienna on May 15 and apparently met in June with Secretary of State Evarts. In a letter written in the United States on July 5, Kasson said he planned to return to Washington later in the month to receive "instructions touching the special business of which the Secretary spoke to me." (National Archives, Despatches from United States Ministers to Austria, vol. 27) Kasson arrived back in Vienna on August 28.

[17] Instruction 121 to Vienna, July 30, 1879. (*Foreign Relations of the United States, 1879*, pp. 79–80) In this instruction, Evarts also commented on Kasson's "lively appreciation" of the importance of beginning an "intimate intercourse" with Romania and Serbia.

[18] Despatch 255 from Kasson at Belgrade, October 29, 1879. (National Archives, Record Group 59, Despatches from United States Ministers to Austria, vol. 27)

[19] *Ibid.*

[20] *Ibid.*

[21] Despatch 258 from Vienna, November 10, 1879. (*Ibid.*)

[22] Despatch 261 from Vienna, November 20, 1879. (*Ibid.*)

[23] Despatch 258 from Vienna, November 10, 1879. (*Ibid.*)

[24] Instruction 138 to Vienna, November 28, 1879, with enclosed letter of October 30, 1879, from Myer S. Isaacs and others to Secretary of State Evarts. (*Foreign Relations of the United States, 1880* (Washington: Government Printing Office, 1880), pp. 35–36.

[25] Despatch 271 from Vienna, December 24, 1879. (National Archives, Record Group 59, Despatches from United States Ministers to Austria, vol. 27)

[26] Regarding the negotiation of the commercial treaty between Serbia and Austria-Hungary, which was ratified by Serbia in June 1881, as well as the "secret convention" of June 28, 1881, by which Serbia in effect signed away its right to determine its own foreign policy, see Michael Boro Petrovich, *A History of Modern Serbia, 1804–1918*, vol. II (New York: Harcourt Brace Jovanovitch, 1976), pp. 411–415.

[27] Despatch 395 from Vienna, December 17, 1880 (National Archives, Record Group 59, Despatches from United States Ministers to Austria, vol. 28); unofficial letter from Eugene Schuyler at Bucharest to Secretary of State Evarts, December 6, 1880. (*Ibid.*, Despatches from United States Ministers to Romania, vol. 1)

[28] Note from Filip Hristic, Serbian Minister in Vienna, to Kasson, December 23, 1880, transmitted to the Department of State as an enclosure to despatch 401 from Vienna, December 25, 1880. (*Ibid.*, Despatches from United States Ministers to Austria, vol. 28); Instruction 209 to Vienna, January 13, 1881. (*Ibid.*, Diplomatic Instructions of the Department of State, Austria, vol. 3)

[29] Despatch 426 from Vienna, February 23, 1881, with which was enclosed Hristic's note of February 13 to Kasson. (*Ibid.*, Despatches from United States Ministers to Austria, vol. 28)

[30] Despatch 414 from Vienna, January 19, 1881. (*Ibid.*)

[31] Instruction 33 to Bucharest, April 12, 1881. (National Archives, Record Group 59, Diplomatic Instructions of the Department of State, Romania, vol. 1)

[32] Despatch 66 from Bucharest, April 30, 1881. (*Ibid.*, Despatches from United States Ministers to Romania, vol. 1)

[33] Instruction 39 to Bucharest, May 23, 1881. (*Ibid.*, Diplomatic Instructions of the Department of State, Romania, vol. 1)

[34] Despatch 77 from Schuyler at Belgrade, June 30, 1881. (National Archives, Record Group 59, Despatches from United States Ministers to Romania, vol. 2)

[35] *Ibid.*

[36] Despatch 92 from Bucharest, October 8, 1881. (*Ibid.*, Despatches from United States Ministers to Romania, vol. 1)

[37] John Bassett Moore, *A Digest of International Law*, vol. I (Washington: Government Printing Office, 1906), pp. 115–116. For the texts of the treaties, see Charles I. Bevans, *Treaties and Other International Agreements of the United States of America, 1776–1949*, vol. 12 (Washington: U.S. Government Printing Office, 1974), pp. 1227–1237.

[38] Despatch 94 from Schuyler at Belgrade, October 16, 1881. (National Archives, Record Group 59, Despatches from United States Ministers to Romania, vol. 1)

[39] Letter from Frelinghuysen to Schuyler, February 25, 1882. (*Ibid.*, Diplomatic Instructions of the Department of State, Romania, vol. 1)

[40] Instruction 1 to Athens, July 5, 1882. (*Ibid.*, Diplomatic Instructions of the Department of State, Greece, vol. 1)

[41] Despatches 1 and 2 (Serbian Series) from Schuyler at Belgrade, October 28 and November 16, 1882. (National Archives, Record Group 59, Despatches from United States Ministers to Romania, vol. 2)

[42] Despatch 5 (Serbian Series) from Schuyler at Belgrad[illegible] November 17, 1882. (*Ibid.*)

[43] Dr. Milan Bulajic, former Yugloslav Consul General in New York, marks the beginning of diplomatic relations as the exchange of notes between Kasson and Hristic in Vienna in February 1881. (Milan Bulajic, "Establishment of Yugoslav-American Diplomatic Relations," *The Diplomatic Corps of Belgrade*, 1971/2, pp. 21–22.

[44] Despatches 1 and 5 (Serbian Consular Series) from Schuyler at Athens, March 13 and August 20, 1883. (National Archives, Record Group 59, Despatches from United States Consuls at Belgrade, vol. 1).

[45] Charles Jelavich, "American Perceptions of Serbia in the 1870's and 1880's," unpublished paper in the author's possession, p. 14.

[46] Gerhard Janssen was recognized as Serbian consul general at New York on February 12, 1883. (*Register of the Department of State* (Washington: Government Printing Office, 1883), p. 49) National Archives, Record Group 59, Certificates of Consular Recognition, vol. 1) According to one source, Janssen had been previously recognized as Serbian consul general at New York on August 8, 1879. (*Register of the Department of State* (Washington: Government Printing Office, 1879), p. 44) No other documentation regarding this earlier appointment has been found in Department of State files.

[47] Ljubomir Mihajlovic presented his credentials as Envoy Extraordinary and Minister Plenipotentiary of Serbia on January 26, 1917. (*Register of the Department of State*, (Washington: Government Printing Office, 1918), p. 192)

[48] *The Nation*, vol. 48 (1889), p. 91.

[49] These were the conclusions reached by Kasson's biographer, Edward Younger, and Dr. Bozidar Saric, Secretary of the Yugoslav legation during World War II, who was preparing a study of Yugoslav-American relations, during a conversation on March 2, 1942. (Younger, "The Early Diplomatic Career of John A. Kasson," p. 93) ■

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New World Information Order

Following are statements by Elliott Abrams, Assistant Secretary of International Organization Affairs, on July 9, 1981, and James F. Buckley, Under Secretary for Science, Technology, and Security Assistance, on July 13. Mr. Abrams testified before the Subcommittees on International Operations and Human Rights and International Organizations and Mr. Buckley testified before the Subcommittees on International Operations and International Economic Policy and Trade, all subcommittees of the House Foreign Affairs Committee.[1]

ASSISTANT SECRETARY ABRAMS, JULY 9, 1981

UNESCO [United Nations Educational, Scientific and Cultural Organization] is one of the principal centers in the U.N. system for the increasingly important international communications debate. This debate is driven by the aspirations of developing contries to increase their communications capacity, as well as by the vast technological changes in the communications field which are imposing problems and opportunities on developed and developing countries alike. It involves important interests of the member states and generates high emotion—on our part because basic freedoms are threatened, on the part of the developing countries because they see the developed world perpetuating its technological superiority and turning this to political advantage.

UNESCO is deeply infected by international partisan politics. On many issues, the actions of the member states and the Secretariat have recklessly pushed the organization into activities clearly outside its field of competence. In a speech on June 2, I told the Chicago Council on Foreign Relations that this trend had seriously undermined the credibility and effectiveness of the organization.

A QUESTION OF UNESCO's ROLE

The international communications debate is a prime example of UNESCO's ill-considered and misplaced activities. This is a debate which should properly be focused on the legitimate communications needs of the developing countries and the ramifications of the technological choices we all face in the communications field. Instead, the debate has been sidetracked into an ideological assault on the very free press values which UNESCO is mandated to defend.

There is no doubt that the debate, as it is now skewed, jeopardizes U.S. First Amendment interests. The Administration takes a very serious view of this danger.

Responsibility of the Secretariat

While UNESCO cannot be blamed for ideas and activities proposed by the member states, the Secretariat of the organization has actively promoted communications activities which are both questionable and highly controversial. It has catered to intellectual fashions on communication issues, particularly when any rationale has been advanced to justify restrictions on press freedoms. It is ironic that, at the very moment when technology is increasing the access of all peoples to information, UNESCO is cooperating with efforts to limit access. This is a serious indictment of the organization and its Secretariat and is completely contrary to UNESCO's true purposes.

Thus, the Secretariat must accept some responsibility for the polarization of the organization and the increasing skepticism with which UNESCO is viewed. It ought to re-examine its role in this sector. Above all, it should not plunge blindly ahead into divisive and questionable activities but should focus the work of the organization on activities which do enjoy true consensus support among the member states. This is the way to prepare the ground for steady, broadly agreed advances.

The UNESCO Secretariat is familiar with the criticisms I have made about its role. I hope it also understands that the United States does not wish to limit itself to criticism alone. We are prepared to play a positive role on international communication issues in UNESCO whenever the work of the organization is based on a true consensus.

Countering Soviet Propaganda

Another serious complicating factor for us in UNESCO is the Soviet attempt to exploit developing country frustrations with existing world communication patterns. We know—and so do the great majority of developing countries—that Soviet intentions have nothing to do with communications development. They have everything to do with the Soviets' comprehensive attack on U.S. interests.

We must be ready to combat insidious Soviet propagandizing against multinational corporations, including the news agencies, and against other U.S. interests. The Soviet big lie can still be effective if we let it go unanswered.

U.S. POLICY

The policy of the Administration is clear. We will not abandon the field to our adversaries or compromise our fundamental First Amendment interests. We will remain in UNESCO and provide aggressive leadership on communication issues as long as there is any hope of returning UNESCO to its mandated responsibility to defend the free flow of ideas.

In April of this year, I reorganized the Bureau of International Organization Affairs to improve the way it handles information issues arising in UNESCO and the U.N. General Assembly. We have centralized all bureau resources devoted to these issues in a new, enlarged Office of Communications and UNESCO Affairs. On the instructions of Under Secretary James Buckley, the Department of State is reorganizing and reprograming resources to provide effective interagency coordination and direction. However, reorganization and rationalization will not do the whole job. We cannot go on the offensive if we do not have additional resources. We need congressional support to upgrade the international communications function. Your subcommittees can play an important role in providing that support.

First Amendment Freedoms

U.S. policy is devoted to vigilant protection of our First Amendment freedoms. In the 1981–83 program and budget of UNESCO, we have identified a series of activities which threaten these, including licensing of journalists and journalistic codes of ethics. We are firmly opposed to both as a matter of principle. The program also includes activities with a built-in bias against commercial advertising. We reject this bias. In the Administration's view, commercial advertising is an essential ingredient of a free market and a free press, providing the means to support an independent role for the press.

We have repeatedly and strenuously protested antifree press activities within the UNESCO system. Most recently, I met with UNESCO Director General [Amadou-Mahtar] M'Bow on May 29 to reiterate the seriousness with which the U.S. Government views them. U.S. International Communication Agency Director Charles Wick met with the Director General in June to make the same point.

The Private Media

The private media, too, have given a ringing answer to persistent attacks on the free flow of information. Organized jointly by the Fletcher School of Law and Diplomacy of Tufts University and the World Press Freedom Committee, a Conference of Independent News Media was held May 15–17, 1981, at Talloires, France. The participants, approximately 60 people from 20 developed and developing countries, adopted a declaration which describes press freedom as a basic human right. We strongly endorse the declaration of Talloires. We will pursue it in the U.N. system as a basic statement of U.S. values.

We intend to work as closely as possible with the media as we develop U.S. policy in this area. In meetings such as the one organized by the International Organizations Bureau on June 26, attended by over 50 media and industry representatives, we hope to draw regularly on the experience and advice of the people who are in the front lines of the battle for freedom of the press, both in the government and in the media.

We oppose interpretations of a new world information order which seek to make governments the arbiters of media content.

The Congress

The attitude of Congress forms a vital ingredient of the U.S. approach toward information issues. Let me comment on the impact of congressional resolutions 137 and 142.

- H.Con.Res. 137 expresses the sense of the Congress that the establishment of a new world information order under the aegis of UNESCO would restrict the freedom of the press.
- H.Res. 142 expresses the sense of the House that UNESCO should cease efforts to attempt to regulate the flow of news and information around the world.

Although mindful of U.S. treaty obligations and the legal and practical problems which could arise through our unilateral reduction or cessation of assessed payments to UNESCO, we support the resolutions because they give voice to convictions which are deeply felt in U.S. society. They lend credibility to our diplomatic representatives both in UNESCO and in our bilateral relations. There can be no doubt now that defense of our First Amendment values is one of the most important thrusts of U.S. foreign policy and one on which all elements of the U.S. Government and society are united.

No restrictive practices have as yet been enacted under UNESCO auspices, and I see no reason at this time for reduction of payments or other action against the organization. The U.S. permanent delegation to UNESCO in Paris and the International Organizations Bureau are closely monitoring UNESCO communications activities with these resolutions in mind. I will keep the Congress fully informed of any movement toward implementation of restrictions on press freedoms.

Communications Development Program

In addition to strong defense of our First Amendment freedoms, the U.S. policy has a positive side. Developing countries need better technology and training in the communications field. Accordingly, the United States has taken a leading role to bring UNESCO's new communications development program, the International Program for the Development of Communications (IPDC), into being. The IPDC is the first systematic effort to coordinate fragmented international development assistance activities, with no additional costs to donor nations. This is a proper area for U.S. leadership.

The intergovernmental council of the IPDC met for the first time June 15–22, 1981 in Paris. We saw the meeting as an opportunity to translate previous agreements on the nonpolitical nature of the IPDC into the rules of procedure of the new body. The IPDC would be a fresh start for UNESCO, with emphasis on technology transfer and deemphasis on ideology and politics. Our delegation, headed by William G. Harley, was largely successful in achieving this objective. We insured that the procedures for the IPDC give precedence to consensus, thereby protecting minority interests. We avoided the establishment of a centralized international voluntary fund for communications development and the calling for a pledging conference. We elected the Norwegian representative as council chairman and placed one other Western member (France) on the bureau of the council. The United States will take France's place on the bureau next year. There were few extraneous political detours.

Still, the IPDC is in its infancy. It is too early to tell whether the program will live up to our expectations. We have made the point in UNESCO that this is a testing time for the IPDC. If it evolves along the intended lines, the IPDC should be able to win the confidence of Western public and private sector aid donors who are the crucial elements in the international communication development effort. If the IPDC is sidetracked into the political arena, it will fail. A major opportunity will have been lost, not only by the developing countries but also by UNESCO.

U.S. Opposition

I am frequently asked what I think about the new world information order. We oppose interpretations of a new world information order which seek to make governments the arbiters of media content. We oppose interpretations which seek to place blame for current communications imbalances on the policies of Western governments and media. We oppose interpretations which seek to translate biases against the free market and free press into restrictions on Western news agencies, advertisers, and journalists. Attempts to justify such restrictions as a necessary adjunct of the development process are spurious.

The fullest development of individual human and national potential can be achieved only with freedom of choice in the information field. We reject any linkage of a new world information order with the new international violence under control. He also criticized the guerrilla offensive, saying that all peaceful means had not been exhausted, that the people were not convinced that the guerrillas would be an improvement, and that the guerrillas had no chance of success. Asked in a May interview why some priests apparently still supported the guerrillas, Rivera y Damas said that few did so—three were with guerrillas inside El Salvador, and a dozen were conducting propaganda activities abroad.

The Guerrillas. Anticipating at least some gains from their planned January offensive, the guerrillas late in 1980 created a new "vanguard" organization, the Farabundo Marti National Liberation Front (FMLN). The FMLN amounts in practice to the DRU plus the tiny "Revolutionary Party of Central American Workers" but still excluding the non-Marxist-Leninist groups in the FDR, with which the FMLN maintains relations it terms "direct."

The failure of the January offensive made it necessary to down play the guerrillas' military image. Accordingly, on February 3, 1981, the Political-Diplomatic Commission of the FMLN/FDR prepared a "Proposal for International Mediation." The objectives of this "negotiating maneuver" were explicitly stated: to "gain time in order to improve our internal military situation."

After the documents setting forth this maneuver became public, FDR leaders in exile acknowledged their authenticity but asserted a readiness to undertake a "comprehensive process of political negotiations." Nonetheless, guerrilla forces continue to receive military supplies from abroad, and their chief strategists spurn the government's efforts to seek a democratic political solution.

The loss of any hope of the quick victory promised by their leaders in January has forced the guerrillas to fall back on a destructive strategy of prolonged war through economic attrition. Guerrilla forces are exacting a heavy toll, particularly through sabotage, and remain entrenched in certain isolated parts of Morazan and Chalatenango Provinces near the Honduran border, where they can maintain external supply lines.

Electoral Preparations. On March 5, 1981, President Duarte appointed an independent three-man Central Elections Commission to prepare an electoral law and oversee procedures for the election of a Constitutent Assembly in 1982 that would set the stage for a general presidential election, presumably in 1983.

The following Sunday, Bishop Rivera y Damas called for a dialogue between the opposition and the government in support of free elections. "The church," he continued, "looks very favorably on the political willingness of the junta to discover a political solution to the problem . . . . We are sure that if the elections are as they have been promised—authentically free and democratic—the Salvadoran people will demonstrate that it is a modern people who desire changes, but with respect for human values."

On July 10, the Salvadoran Government approved a provisional electoral law providing for the automatic reregistration of previous political parties upon receipt by the Central Elections Commission of a list of their current bylaws and board of directors. Two FDR affiliates—the social-democratic MNR and the Communist-front National Democratic Union (UDN)—could thus automatically validate their legal status for the Constituent Assembly elections. The law also provides that parties must abide by Salvadoran law and permits any group of 25 citizens to gather 3,000 signatures and register as a new political party.

The Central Elections Commission announced on July 8 that it had already sent invitations to the Organization of American States, the United Nations, the International Committee of the Red Cross, the European Parliament, Amnesty International, and other organizations to send observers "not only for the day of the elections, but also in anticipation of them, observing the entire process."

Political Life. Sensing that elections may prove a viable solution to the crisis, pre-1979 parties are stirring again, and new ones are beginning to emerge. In addition to the Christian Democrats, these include the old officialist Party of National Conciliation (PCN) and new groups such as the Popular Democratic Unity (UPD) and Democratic Action.

The Salvadoran Peasant Union (UCS) held a national congress April 9. Thousands of agricultural workers and leaders throughout El Salvador traveled to San Salvador to participate. At the end of May, 2,500 delegates, including a sizable number of women, came to San Salvador from all parts of the country to participate in the Christian Democratic Party's fourth national congress.

Public opinion in San Salvador shows a dramatic drop in support for all political groups associated with the guerrillas. In fact, on May 1, 1981, the same day that a clandestine guerrilla radio near the Honduran border called on workers and peasants to destroy the "oppressors and establish their own government," the MNR published a statement in San Salvador calling for a "halt to the violence" and "an end to the civil war."

The savage events of recent years have created enmities that will not be forgotten soon. Salvadoran society is deeply fragmented and widely armed. The healing process, once begun, will be long and difficult. But the best indication that El Salvador's people will yet have the last word is that both the guerrillas and the far right seem afraid of the results of the Salvadoran people's expressing their preferences.

The U.S. Role

The position of the United States is that Salvadorans should be allowed to resolve their own problems without coercion or dictation from any source.

During the 1970s, reflecting general policy trends, U.S. economic and military assistance to El Salvador declined sharply from a peak during the Alliance for Progress. Military assistance was terminated in 1977. U.S. economic assistance increased modestly after the 1980 reforms created a framework for cooperation insuring that aid would reach the needy and the poor. Although military trucks and radios were also sold on credit, no transfers of arms or ammunition were authorized.

On January 16, 1981, in response to the Communist-armed guerrilla offensive, the Carter Administration resumed arms sales for the first time in 3 years. Helicopters and some military trainers were also sent. Subsequently, the Reagan Administration authorized additional military supplies and services to a total of $35 million and doubled economic assistance to more than $100 million. In mid-1981, 55 U.S. military trainers were in El Salvador under orders to perform no duties of a combat nature or any training that could engage them in combat.

Current Policy. On July 16, 1981, Assistant Secretary of State for Inter-America Affairs Thomas O. Enders noted that U.S. assistance was preventing the guerrillas from turning their foreign arms supplies to new advantage but that El Salvador remained a divided country. The U.S. Government, Enders, continued, believes that:

"Only Salvadorans can resolve these divisions. Neither we nor any other foreign country can do so. It is, therefore, critical that the Salvadoran Government itself is attempting to overcome these divisions by establishing a more democratic system.

"We wholeheartedly support this objective. Not out of blind sentiment, not out of a desire to reproduce everywhere a political system that has served Americans so extraordinarily well, and certainly not because we underestimate the difficulties involved.

"Rather we believe that the solution must be democratic because only a genuinely pluralistic approach can enable a profoundly divided society to live with itself without violent convulsions, gradually overcoming its differences.

"How can a country beset by so many troubles get from here to there? **The first thing to say is that promises must be kept**. One can debate endlessly about El Salvador's land reform. . . . But . . . the issue is no longer whether land reform is advisable or not. The issue now is how to consolidate and perfect what has been done. . . .

"Second, there must be demonstrable progress in controlling and eliminating violence from all sources. . . . Cuban and Nicaraguan supplies to the guerrillas must stop . . . more Salvadoran Army leadership is needed, both to fight rightist death squads and to control security force violence. . . .

"Third, all parties that renounce violence should be encouraged to participate in the design of new political institutions and the process of choosing representatives for them. . . .

"It is only realistic to recognize that extremists on both left and right still oppose elections. . . . We should recognize that El Salvador's leaders will not—and should not—grant the insurgents through negotiations the share of power the rebels have not been able to win on the battlefield. But they should be—and are—willing to compete with the insurgents at the polls.

"Elections are quintessentially matters of internal policy. But there may be ways other nations can assist. If requested by the government of El Salvador—and desired by those involved—other countries might be invited to facilitate such contacts and discussions or negotiations *on electoral issues* among eligible political parties. The United States is prepared, if asked, to join others in providing good offices to assist the Salvadorans in this task, which could prove critical to the search for a political solution to the conflict.

"We have no preconceived formulas. We know that elections have failed in the past. We have no illusions that the task now will be anything but difficult. But we believe that elections open to all who are willing to renounce violence and abide by the procedures of democracy can help end El Salvador's long agony . . . .

"**[Finally,]** . . . **the search for a political solution will not succeed unless the United States sustains its assistance to El Salvador**. . . .

"Should members of the guerrilla command believe that they can make gains by military means, no participation in elections, no meaningful negotiations, no political solutions are likely to be forthcoming. The point is not that sustained U.S. assistance might lead to a government military victory. It is that a political solution can only be achieved if the guerrillas realize they cannot win by force of arms. . . .

"Our help for El Salvador is really very small, but it is vital. . . . We can help by:

- Extending economic and military assistance to counter the disaster visited upon El Salvador by enemies of democracy;
- Standing by our friends while they work out a democratic solution; and
- Identifying and seizing opportunities to help such a solution actually take shape."

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[1] Thomas P. Anderson, *Matanza: El Salvador's Communist Revolt of 1932* (Lincoln, University of Nebraska Press, 1971) puts the death toll at 10,000--mainly peasants in the western provinces where the revolt achieved some initial successes.

[2] cf. Stephen Webre, *Jose Napoleon Duarte and the Christian Democratic Party in Salvadoran Politics, 1960-1972* (Baton Rouge, Louisiana State University Press, 1979).

[3] Although estimates are necessarily imprecise, ORDEN's membership was usually put at 30,000–60,000, while the BPR and FAPU each claimed some 40,000 members or sympathizers.

[4] Arguing that the failure of the October junta proved that the military would never accept reforms, one of that junta's five members, Guillermo Ungo, threw in with the violent opposition.

[5] See *Report to the President of Special Mission to El Salvador* (December 12, 1980, released December 23, 1980).

[6] This arms flow was documented in *Communist Interference in El Salvador* (Department of State Special Report No. 80, February 23, 1981). West German Socialist Party Vice Chairman Hans Jurgen Wischnewsky told a June 19 press conference in Bonn that Fidel Castro had personally admitted Cuban deliveries of arms to El Salvador.

[7] Anderson, *op. cit.*, p. 92.

[8] This document and the letter quoted in the next paragraph were among the battle plans, records of DRU meetings, and reports of arms shipments found in caches recovered from the PCES in November 1980 and from the ERP in January 1981.

[9] See "A Call by the General Command of the FMLN to Initiate the General Offensive," reproduced as Appendix 11, pp. 82-83, of the FMLN-FDR booklet *El Salvador on the Threshold of a Democratic Revolutionary Victory*, distributed in the United States in English during February-March 1981.■

Department of State

Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Haig

A Strategic Approach to American Foreign Policy, address before the American Bar Association, New Orleans, Aug. 11, 1981 (Current Policy #305).

News conference, Aug. 6, 1981 (Current Policy #304).

Relationship of Foreign and Defense Policies, statement before the Senate Armed Services Committee, July 30, 1981 (Current Policy #302).

Africa

Background Notes on Mali (Aug. 1981).

East Asia

U.S. Relations with China, Assistant Secretary Holdridge before the House Foreign Affairs Committee, July 16, 1981 (Current Policy #297).

U.S. Interests in Southeast Asia, Secretary Haig before the international conference on Kampuchea in New York, July 13, 1981, and Assistant Secretary Holdridge before the Senate Subcommittee on East Asian and Pacific Affairs, July 15, 1981 (Current Policy #295).

Economics

U.S. Trade with the European Community, 1958-80, report by the Bureau of Intelligence and Research, June 28, 1981 (Special Report #84).

International Commodity Agreements: New Wave or Ebb Tide?, report by the Bureau of Intelligence and Research, June 1981 (Special Report #83).

Europe

Implementation of the Helsinki Final Act—10th Semiannual Report, December 1, 1980-May 31, 1981 (Special Report #85). Background Notes on Iceland (July 1981).

Food

World Hunger, Deputy Assistant Secretary Michael Calingaert before the House Agriculture Committee, July 22, 1981 (Current Policy #299).

Security Assistance

Conventional Arms Transfers, Under Secretary Buckley before the Senate Foreign Relations Committee, July 28, 1981 (Current Policy #301). ■

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Pakistan	May	8pp.

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Economic Assistance—Administrative Decentralization. Agreement with Egypt. TIAS 9876. 23pp. $1.75. (Cat. No. S9.10:9876.)

Atomic Energy—Technical Information Exchange and Cooperation in Nuclear Safety Matters. Agreement with Denmark. TIAS 9877. 13pp. $1.25. (Cat. No. S9.10:9877.)

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(Photo from *The Memoirs of a Balkan Diplomatist* by Chedomille Mijatovich)

Queen Natalija
(1859–1941)

Married Prince Milan in 1875. They had one son, Alexander. Became Queen in 1882 when the Kingdom of Serbia was proclaimed. Differed with her Austrophile husband because of her sympathies for Russia. They had a terrible fight on Easter of 1887, which led to a divorce the following year. The divorce caused great political controversy. She left Serbia in 1891 and returned only as a guest of her son. She later broke with Alexander, converted to Roman Catholicism, and spent her remaining years in a convent on the French Riviera.

dent. Kasson noted further his understanding that only ministers resident would be appointed to Belgrade.[12]

What he did not understand was the story in the Vienna newspapers that the United States, through a special envoy, had acknowledged the independence of either Romania or Serbia or both. Although he doubted the authenticity of the account, he asked the Department of State to clarify its policy toward the two countries. Kasson stated his reluctance to continue informal representation of American interests there without explicit approval. Whereas several months before, he had recommended the establishment of consular representation at Bucharest and Belgrade, he said the time had come "to annex those now independent principalities to some jurisdiction for United States diplomatic purposes, and to adjust the right of intervention for the interests of American citizens when necessary."[13]

But Secretary of State William M. Evarts replied that the United States did not intend, at least for the present, to open diplomatic relations with the Danubian principalities. It would continue to appoint consuls at places "where it may be found such officers are needed," as it had recently done at Galatz. Evarts avoided answering Kasson's request for instructions as to whether he should continue to look after the interests of Americans in Romania and Serbia, expressing the hope that no such cases would arise while the Department of State was considering the question of representation.[14]

Despite Evarts' reluctance to establish diplomatic relations, Kasson continued to report on developments in the Danubian area. In March 1879 he sent to Washington two lengthy despatches on the government, finances, military organization, and commerce of the two countries. He noted that Great Britain had recently signed a commercial treaty with Serbia by which it secured the privileges of "most-favored-nation" treatment. The Austro-Hungarian Government was opposed to this treaty, as well as to other commercial treaties Serbia might enter into, because of its desire to keep Serbia within its special sphere of influence. Because of Vienna's efforts to improve transportation into and through Serbia, Kasson thought that in the next few years there would be "marked progress" in Serbia's financial and commercial resources and a "largely increased demand for certain classes of manufactures."[15]

That summer Kasson returned to Washington for consultations[16] and apparently argued strongly for the establishment of diplomatic relations with the two Danubian principalities. When he returned to Vienna in August 1879, an instruction from Secretary Evarts awaited him indicating that the recent changes in the map of eastern Europe seemed "to open an era of political and material development which cannot but react beneficially upon the countries which have now, or may hereafter, have close relations of commerce and friendship with the countries now entering the family of nations." Kasson was instructed to visit Belgrade and Bucharest to determine what form of diplomatic intercourse was desired by the Serbian and Romanian Governments, what grade of diplomatic agents would be acceptable to them, and "how far these governments are prepared to enter upon reciprocal action towards us." In discussing the possibility of negotiating treaties with these two countries, Kasson was told to use as models an 1871 treaty between the United States and Italy on commerce and navigation, an 1878 consular treaty with Italy, and an 1871 trademarks convention with Austria-Hungary.[17]

Kasson journeyed to Belgrade in October 1879 to confer with Serbian Foreign Minister Jovan Ristic. He had drafted a commercial treaty to present to Ristic but found that the foreign minister had prepared one of his own calling for a 2-year provisional commercial arrangement while negotiations continued toward a final treaty. Kasson

Feature

U.S. Recognition of Serbian Independence

(photo from
Milan Obrenovic: Kralj Srbije
by Dusan Baranin)

It is with heartfelt pleasure that I receive the letters of the President of the United States of America which accredit you in Serbia as Minister Resident and Consul General. I am delighted to see friendly relations inaugurated between our two countries, and I can assure you that I and my Government will heartily endeavor to consolidate and combine them.

The sentiments of friendship which the illustrious President of the United States of America expresses and the wishes which he attests for me and my people are particularly dear to me and entirely respond to the feelings which we bear to your country.

Nor am I less moved, Mr. Minister, by the congratulations which you bring me on the occasion of the proclamation of royalty in Serbia, and I beg you to interpret my feelings of sincere gratitude to the illustrious President of the United States of America. You will please also convey to him, Mr. Minister, the assurances that I was deeply touched by the sentiments which he caused to be expressed to me by your amiable agency on the occasion of the attempt which was directed against my person.

I congratulate myself, Mr. Minister, that the choice of the Government of the United States has fallen upon you whom I have already long had the opportunity of knowing and appreciating, and you may be sure that it will be a real pleasure to me and my government to facilitate the mission which has been confided to you.

King Milan's Response
to Eugene Schuyler,
November 10, 1882

King Milan Obrenovic
(1854–1901)

Educated in France. Following the assassination of Prince Michael in 186 and the establishment of a regency, he became Prince of Serbia in 1872. In 1882 he was proclaimed King of Serbi He abdicated the throne on March 4, 1889.

Challenges of World Development

President Reagan's address before the annual meeting of the Board of Governors of the International Monetary Fund (IMF), International Bank for Reconstruction and Development (World Bank), International Development Association (IDA), and International Finance Corporation (IFC) in Washington, D.C., on September 29, 1981.[1]

I believe your meeting can strengthen the national resolve and international cooperation required for the global economic recovery and growth that we're all striving to achieve, and I'm very grateful for this opportunity to address your distinguished group.

It's customary to begin a speech before this annual meeting with a portrait of the serious problems and challenges we face in the world economy. Those problems and challenges are certainly there in force, and I will get back to them in a minute and review them. But first, let me just take a moment to salute the institutions that you represent. The IMF and the World Bank group have contributed enormously to the spread of hope of a better life throughout the world community. In the process, they have proved themselves capable of change, of adapting to new circumstances and the needs of new members.

Your institutions have worked tirelessly to preserve the framework for international economic cooperation and to generate confidence and competition in the world economy. They have been inspired by the ideal of a far better world in which economic growth and development would spread to all parts of the globe. For more than three decades, they have worked toward these goals and contributed to results that are now clearly visible to all.

This past decade in particular has tested the mettle and demonstrated the strength and merit of the World Bank and IMF. As the development report of the World Bank itself notes:

> The 1970s witnessed international economic convulsions at least as serious as any that may be thought highly probable in the next 10 years. The world's economy, its capacity to withstand shocks, has been severely tested and the tests were not passed with entire success. But parts of the developing world have come through remarkably well.

We need to recognize our progress and talk about it more in our conversations with one another. This in no way denies the immense problems that we face. But without some sense of what we've achieved, without some encouragement to believe in our mission, we will succumb to defeatism or surrender to ill-advised solutions to problems that can never yield to grandiose schemes.

To look at the challenges before us, let us recall that vision we originally set out to reach through international cooperation. The Second World War had left us with the realization, born out of the suffering and the sacrifices of those years, that never again must human initiative and individual liberties be denied or suppressed. The international political and economic institutions created after 1945 rested upon a belief that the key to national development and human progress is individual freedom—both political and economic. The Bretton Woods institutions and the General Agreement on Tariffs and Trade established generalized rules and procedures to facilitate individual enterprise and an open international trading and financial system. They recognized that economic incentives and increasing commercial opportunities would be essential to economic recovery and growth.

We who live in free market societies believe that growth, prosperity, and, ultimately, human fulfillment are created from the bottom up, not the government down. Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive, and free.

Trust the people. This is the one irrefutable lesson of the entire postwar period, contradicting the notion that rigid government controls are essential to economic development. The societies which have achieved the most spectacular broad-based economic progress in the shortest period of time are not the most tightly controlled, not necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the marketplace. Everyday life confirms the fundamentally human and democratic ideal that individual effort deserves economic reward.

Nothing is more crushing to the spirit of working people and to the vision of development itself than the absence of reward for honest toil and legitimate risk. So let me speak plainly: We cannot have prosperity and successful development without economic freedom; nor can we preserve our personal and political freedoms without economic freedom. Governments that set out to regiment their people with the stated objective of providing security and liberty have ended up losing both. Those which put freedom as the first priority find they have also provided security and economic progress.

The United States is proud of its contributions to the goals and institutions of postwar development. You can count on us to continue to shoulder our responsibilities in the challenges that we face today. We see two of overriding importance: restoring the growth and vitality of the world economy and assuring that all countries, especially the poorest ones, participate fully in the process of growth and development. But let us remember, the most important contribution any country can make to world development is to pursue sound economic policies at home.

Regrettably, many industrial countries, including my own, have not made this contribution in the recent past. We've overspent, overtaxed, and overregulated, with the result being slow growth and soaring inflation. This "stagflation," as the IMF annual report notes, is one of the two basic problems we must quickly overcome. The United States has set its course to economic recovery. Our program is comprehensive, and as I reminded the American people last Thursday evening, it will require effort and patience, but the reward is worth working for.

By reducing the rate of government spending, honoring our commitment to balance the budget, reducing tax rates to encourage productive investment and personal savings, eliminating excessive government regulation, and maintaining a stable monetary policy, we are convinced that we will enter a new era of sustained, noninflationary growth and prosperity, the likes of which we haven't seen for many years. And as the world's largest single market, a prosperous, growing U.S. economy will mean increased trading opportunities for other nations.

America now receives half of all non-OPEC developing-country exports of manufactured goods to all the industrialized countries, even though we account for only one-third of the total gross national product of those industrialized countries. Lower U.S. inflation and interest rates will translate into increased availability of financial resources at affordable rates. Already, capital markets in the United States are more accessible to the developing countries than capital markets anywhere else in the world. No American contribution can do more for development than a growing, prosperous U.S. economy.

The domestic policies of developing countries are likewise the most critical contribution they can make to development. Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress. Many countries are recognizing this fact and taking dramatic steps to get their economies back on a sound footing. And I know it's not easy—I have a few scars to prove that fact—but it must be done.

Only with a foundation of sound domestic policies can the international economic system continue to expand and improve. My own government is committed to policies of free trade, unrestricted investment, and open capital markets. The financial flows generated by trade investment and private lending far exceed official development assistance funds provided to developing countries. At the same time, we're sensitive to the needs of the low-income countries. They can benefit from international trade and growth in the industrial countries because they export many raw materials and primary products the industrial world needs. But they also depend upon our aid to strengthen their economies, diversify their exports, and work toward self-sufficiency.

The United States recognizes this. Over three decades we've provided more than $130 billion in concessional assistance. The American people have proven themselves to be as compassionate and caring as any on Earth, and we will remain so.

We strongly support the World Bank. And because of our strong support, we feel a special responsibility to provide constructive suggestions to make it more effective. We believe these suggestions will permit it to generate increased funds for development and to support the efforts developing countries are making to strengthen their economies.

Taking into account our budgetary constraints, we're committed to providing the Bank and IDA resources for them to continue and improve their contributions to development. We know that stimulating private investment is also critically important. The International Finance Corporation plays the leading role in the Bank family in support of such investment. Given the importance of this role, we hope it can be enhanced. We believe all facets of the Bank can play a more active role in generating private resources and stimulating individual initiative in the development effort.

. . . the most important contribution any country can make to world development is to pursue sound economic policies at home.

The IMF also plays a critical role in establishing conditions to encourage private capital flows to deficit countries. By reaching agreements with the IMF on a sound, comprehensive stabilization program and by demonstrating its determination to implement that program, a borrowing country signals private markets of its intent to solve its own economic problems.

We're committed to a pragmatic search for solutions to produce lasting results. Let us put an end to the divisive rhetoric of "us versus them," "north versus south." Instead, let us decide what all of us, both developed and developing countries, can accomplish together.

Our plans for the Caribbean Basin are one example of how we would like to harness economic energies within a region to promote stronger growth. The design and success of this undertaking depends upon the cooperation of many developed and developing countries. My colleagues and I also look forward to the upcoming summit meeting at Cancun, Mexico. That occasion will provide us with fresh opportunities to address the serious problems we face and encourage each other in our common mission.

In conclusion, each of our societies has a destiny to pursue. We've chosen ours in light of our experience, our strength, and our faith. We each are ultimately responsible for our actions and the successes and failures that they bring. But while individually responsible, we're also mutually interdependent. By working together through such institutions as the IMF and World Bank, we can all seek to collaborate on joint problems, share our insights, and encourage the common good.

These institutions have reflected a shared vision of growth and development through political freedom and economic opportunity. A liberal and open trade and payment system would reconstruct a shattered world and lay the basis for prosperity to help avoid future conflicts. This vision has become reality for many of us. Let us pledge to continue working together to insure that it becomes reality for all.

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[1] Text from White House press release. ■

There are relatively few areas where unilateral action by the United States without similar actions by other important suppliers can seriously limit the Communist countries' access to major products or technologies. This is true even with regard to many advanced products and technologies, where a U.S. monopoly or supremacy has diminished over the years. For this reason we will continue in our effort to coordinate our own export controls with those of our major allies in COCOM and in other fora.

I have stressed the need to consult with our allies on coordinating our export controls. I should add, however, that the Administration is prepared, if necessary, to consider unilateral controls either to protect our national security or to further overriding national objectives. I do not believe that either Congress or the American public would want us to adopt any other policy.

Application of U.S. Export Controls Abroad

Let me say just a few remarks about the problems caused by the application of U.S. export control regulations and law outside the United States. Our export control regulations apply not only to direct export from the United States but also to reexports from third countries of U.S.-origin items, exports of the products of U.S.-origin technologies, and exports of non-U.S.-origin items by U.S. subsidiaries. But we must approach the extraterritorial application of U.S. export control regulations in foreign jurisdictions with considerable caution. Many of our closest allies have shown that they are extremely sensitive to our attempts to apply U.S. laws to conduct of persons within their territories, though in many instances they do cooperate with us. For example, the British alert their firms to the possible need for U.S. reexport licenses for certain types of embargoed equipment. Overzealous efforts on our part to apply our regulations abroad, forcing a showdown over conflicting interpretations of international law and sovereign rights, could end this kind of cooperation. It would certainly cause friction in our bilateral relations, with detrimental effects on the operations of U.S. firms overseas.

Conclusion

Thank you for giving me and my colleagues from the other agencies the opportunity to appear before you today and provide an overview of our current thinking on East-West economic policy. Our economic policies are and will likely remain an important factor in our relationships with Communist governments. Where trade is pursued on the basis of mutual advantage with appropriate national security precautions, it can bring important benefits to our domestic economy as well as serve our overall foreign policy goals. We must not forget that the effectiveness of our East-West economic policies will be greatly enhanced by close consultation and cooperation with our allies. The development of mutually compatible policies will be one of our major goals as we proceed in the months ahead.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

North American Economic Relations

by *Myer Rashish*

Address before the Center for Inter-American Relations in New York on September 22, 1981. Mr. Rashish is Under Secretary for Economic Relations.

It is a pleasure for me to be here this afternoon and speak to you on the topic which gives its name to your organization: that is, inter-American relations. I also feel a sense of challenge—a challenge drawn from concern that I adequately convey both the priority this Administration places on good relations with its closest neighbors and also the perception, virtually rampant in Washington, that, on a number of fronts, the relationships are sliding dangerously toward crisis.

The North American Community

Let me begin with the obvious, perhaps, and try to characterize the importance President Reagan assigns to the development of a strong North American community. You may recall that in Ronald Reagan's statement when he announced for the presidency, he devoted one-fourth of the text to relations with Canada and Mexico. He referred to a North American accord, a sort of neighborhood in which we could all prosper. Even before his inauguration, President Reagan began to activate the words in that statement by meeting with President Lopez Portillo on the bridge between El Paso and Ciudad Juarez. His first trip outside the United States was to Ottawa to meet with Prime Minister Trudeau.

The influence of inter-American concerns is not limited to trips and bilateral meetings. Next month, President Reagan will travel to Cancun, Mexico, to participate in an historic meeting of heads of state and government from around the world to discuss one of the most difficult and unyielding issues we face: the development of the poorer nations on this globe. It is in no small measure due to President Lopez Portillo's role as co-host and Prime Minister Trudeau's heartfelt championing of a process of dialogue with the developing countries that President Reagan will be in Cancun. Perhaps it is symbolic of this Administration's priority on inter-American relations that the President will have attended two major summit meetings in North America during his first year—the economic summit in Ottawa in July and the development summit in Cancun in October.

I have devoted some time to the Administration's priority to inter-American relations; nevertheless, I must hasten to get to the substance of the relationship, lest you begin to recall the old saying: "The road to hell is paved with good intentions."

I am frequently asked by the bureaucracy of the State Department to decide if I will head the U.S. delegation to a meeting of the joint commission with one country or another. We have, in may cases, established these joint commissions to highlight, and on occasion draw attention to, the bilateral relations between the other country and the United States. No such decision or commission or other formal institution of statehood is required to highlight the inescapable fact that Canada, Mexico, and

Canada and Mexico in U.S. Merchandise Trade, 1980

U.S. Exports		U.S. Imports	
Total	**$220.7 billion**	**Total**	**$240.8 billion**
CANADA	**35.3**	**CANADA**	41.4
Japan	20.79	Japan	30.7
MEXICO	15.1	**MEXICO**	12.5
United Kingdom	12.6	West Germany	11.68
West Germany	10.9	United Kingdom	9.75

Source: Department of Commerce, *Survey of Current Business*, June 1981.

the United States are bound into an intimate relationship. We have a basic interdependence dictated by geography and history—a relationship so extensive that intergovernmental affairs are only the tip of the iceberg. In formulating policy, in examining the North American community through the optic of government, we must not lose sight of this reality.

In any intimate relationship, friction is natural. My speciality is not physics, but I think I am correct if I say that the perfect lubricant, the key to perpetual motion, has not yet been discovered. Nor do we seek to live in a vacuum. Accumulated over time, this means that there are and will be problems in the inter-American relationship. The origin and nature of those problems between the United States and Canada are different from those between the United States and Mexico—and will require different approaches, different solutions.

With Canada, the United States has been an overwhelming economic and cultural force—drawn in part from the common cultural heritage between the United States and a large segment of Canada. Among the developed countries, Canada is a relatively recent entrant to the family of sovereign nations; it is still seeking its separate identity—not ours, not British, not French. The strains of this process are evident in domestic struggles, such as the constitutional issue, as well as in the international arena. Canada is a proud member of the family of industrialized nations, host of the most recent summit of the world's most powerful economies; it cannot be content if it sees itself in the role of water bearer for the United States.

With Mexico the relationship suffers more from a legacy of suspicion—historically rooted and deep-seated mistrust of the motives of the United States. Mistrust, combined with a certain neglect of the importance to our own interests of a strong and economically healthy neighbor to the south, can produce hostility and alienation. Clearly, such a state of affairs cries out for repair. This Administration will heed those cries.

Implications for Policy

How? What policy measures can begin to correct the misperceptions, to establish new attitudes toward the United States, to create a climate in the United States which will support a meaningful "community" approach to inter-American relations? In the few minutes I have here today I can do little more than scratch the surface. I will naturally concentrate on economic policy issues, although the one lesson driven home to me most forcefully these past several months is that economic and political issues are not separable in the context of public policy. Let me, then, touch on four points: our policy at home, policy issues with Canada, policy issues with Mexico, and cooperation among the three—the United States, Canada, and Mexico.

U.S. Domestic Policy

I turn first to elements of U.S. domestic policy, which will have profound effects on international economic relations in general, and the outlook for inter-American relations more particularly. Parenthetically, I might note that it is appropriate to start with domestic policy—since in the final analysis the course of the relationship will depend on policies each nation will follow to meet its own goals and objectives. President Reagan's top priority upon taking office was to act forcefully to get the U.S. economic house in order. To master inflation, restore incentives for dynamic private sector investment, spur productivity—to create an economic environment in which the American people can once again look to the future with confidence and enthusiasm. The fruits of success will be manifest in varied ways. But perhaps most significantly the United States will be able to promote more actively the open global trade and investment system upon which economic development is predicated.

Canada

I now turn to Canada. The ties between the people of the United States and Canada are probably as extensive as in any bilateral relationship in the world. Our mutual involvement cuts across virtually all facets of both our societies. A few facts might serve to illustrate this closeness.

- Two-way trade in 1980 exceeded $77 billion. This is by far the largest bilateral trading relationship in the world.
- The countless lakes and streams that cross the border are but one part of the common environment we share.
- There is a vast exchange of people (70 million persons each year) and goods across the border, a rich cultural and economic interplay, and a host of transportation ties.
- Some of the world's most valuable fishing grounds extend across our ocean boundaries.
- There is a tremendous two-way movement of capital and foreign direct investment: the fundamental economic statistics such as inflation, interest rates, and unemployment of the two economies are closely interrelated.

Let me concentrate on the exploration and development of energy resources and their delivery to our respective markets, one of the most important parts of the U.S.-Canada relationship. By yearend 1980, U.S. direct investment in Canada's petroleum sector amounted to some $10.5 billion. Canada's national energy program, announced last October, is of utmost importance and concern. The program calls for a substantial increase in Canadian ownership and control of energy produc-

International Commodity Agreements

The following report was prepared by Dennis T. Avery, senior agricultural analyst, Office of Economics, Bureau of Intelligence and Research, in May 1981.

SUMMARY

In 1976, the less-developed countries (LDCs) undertook a major effort sponsored by the U.N. Conference on Trade and Development (UNCTAD IV) to organize international agreements for their important commodity exports. They hoped that such agreements would help stabilize and/or enhance their earnings.

The resulting UNCTAD integrated program for commodities has not succeeded significantly in altering the terms of trade for commodity producers, and little prospect remains that it will succeed in doing so. Theoretically, such agreements could produce modest benefits by facilitating the commitment of a more appropriate level of resources to production over time. It has proven extremely difficult to realize these benefits in practice, however, due to the continuing vagaries of supply and demand and continuing competition for market shares.

Raising commodity prices to artificially high levels attracts added production, both from agreement members and from nonmembers. It also discourages consumption and encourages substitution. These powerful reactions all work toward creating surpluses of targeted commodities and explain why commodity agreements have been unable to sustain higher price levels. In fact, price stabilization efforts can themselves stimulate output if producers believe that their risk of low prices has been decreased.

Recent commodity agreements have tried several means for dealing with market competition problems: keeping price goals modest, signing up all major producers, and enrolling importer nations, which agree not to increase their purchases from nonmembers. It has been a practical impossibility to include all producers and potential producers of major commodities, however. It has also been difficult to get importers to agree with producers on appropriate stabilization mechanisms and price levels for the agreements.

Competition from synthetics and substitutes has been an even more intractable problem. Modern technology has produced major competitors for nearly every commodity, from synthetic rubber and plastics to high-fructose corn sweetener and glass-fiber telephone cable. Only the beverages—coffee, tea, and cocoa—have so far escaped serious inroads from synthetics and substitutes.

Commodity agreements have also exhibited some serious limitations as an aid mechanism. Their benefits are distributed on the basis of commodity production, rather than need, so they assist only indirectly in reaching economic, political, or social goals within the recipient country. They also encourage added production, which either boosts donor costs or dilutes benefits.

There is little prospect that international commodity agreements can overcome their inherent limitations and provide greater benefits for commodity exporters in the future. Prices can be expected to continue to fluctuate widely around the trends dictated by demand, competition, and long-term production costs.

HISTORY OF AGREEMENTS IN CORE COMMODITIES

The 10 core commodities listed by UNCTAD IV (cocoa, coffee, copper, cotton, hard fibers—sisal, abaca, and coir—jute, rubber, sugar, tea, and tin) share some important characteristics: all have volatile prices, and all are produced mainly in the LDCs. Each, however, has distinctive characteristics.

Coffee

Coffee is widely produced in Latin America and Africa. The major causes of coffee price volatility are on the supply side—primarily weather and a rather erratic expansion of production to match slowly rising demand. At any given time, demand is quite inelastic. Like all tree crops, coffee's supply responses are lagged. It takes 4–5 years to bring new trees into production and more than 20 years for trees to pass out of production.

The world coffee market has been characterized by brief periods of short supply (and high prices) followed by often lengthy periods of oversupply (and low prices). The boom periods have typically lasted only a couple of years, but periods of depressed prices have lasted far longer.

The most recent coffee price boom was triggered in 1975 by a severe freeze in Brazil, the largest coffee producer. The freeze not only ruined the 1975 crop but damaged many trees, thus cutting back Brazilian coffee production for several years. World coffee production dropped from 77 million bags in 1975 to less than 71 million in 1977. The short supply sent coffee prices zooming, from 66¢ per pound in 1974 to $2.40 in 1977.

High coffee prices stimulated investment in coffee production, mostly the replacement of older trees. By 1978, in consequence, world coffee production was back to its prefreeze level and still climbing. The World Bank expects this oversupply to be relatively short lived. There are no longer any large tracts of virgin land suitable for new coffee production, and fewer smallholders are interested in growing coffee. With normal weather, the Bank expects prices to decline in real terms by perhaps 15–20% through the 1980s, recovering to near their current levels by 1990.

Coffee producers have long sought to stabilize their prices at relatively high levels. Brazil made a number of solo efforts to cut back surplus coffee production in the years before World War II. The first international coffee agreement dates from the war years when the European market (10 million bags a year) had suddenly been lost and producers feared a price slump. The Inter-American Coffee Agreement successfully froze prices at 13.4¢ per pound.

After the war, output and stocks were down, demand recovered, and coffee experienced 9 consecutive years of rising prices from 1946 to 1954. Coffee prices of more than 90¢ per pound stimulated considerable new planting in Brazil, Central America, and Africa. By 1955, 15 countries had joined the Latin American Coffee Agreement, which set up a buffer stock in an effort to raise prices in the face of a rising tide of coffee. Nonetheless, by 1961 coffee stocks equaled 1½ years of normal world consumption, and prices were down to 38¢ under severe pressure. In 1964, consuming nations (including the United States) were brought into a new International Coffee Agreement. Export quotas held the enormous stocks off the market for a time, and prices immediately jumped to nearly 50¢ a pound. Production rebounded, however, and with heavy stocks overhanging the market, prices dropped steadily for several years. Stocks peaked in 1968. Then diversification to other crops, some stock spoilage, and 3 years of light crops helped to abate the oversupply.

The agreement transfered an estimated $600 million per year from coffee consumers (mainly in the United States) to producers during the late 1960s and early 1970s. U.S. support for the agreement ended after prices jumped in 1970 and again in 1972. The producers claimed the price boosts were due to frost damage, but at least in 1972 there were substantial stocks available which might have been sold to dampen price increases. When the exporters subsequently demanded still-greater price boosts to compensate them for devaluation which balance-of-payments problems had forced on the U.S. dollar, consuming nations decided the agreement was not serving their interests.

The current coffee agreement dates from 1976. It relies exclusively on export quotas, which initially protected a price range of 63–77¢ a pound. Because the price of coffee remained well above that range as a result of the 1975 Brazilian freeze, quotas were never put into effect. Economic provisions of the agreement were renegotiated, and export quotas became effective in October 1980. Quotas remain in effect within a $1.15–1.55 price range. The agreement may not be able to defend $1.15 in the face of projected increases in coffee production in the 1980s.

Cocoa

Cocoa has had one of the most volatile price patterns of any commodity, due to inelastic demand, weather-induced production variability, and the lagged supply response to price changes typical of tree crops. In the 1970s, the annual average of cocoa prices ranged from 54¢ per pound to $3.79 per pound.

Favorable growing conditions produced a crop of 1.6 million tons in 1972. Poor weather in 1973 and 1977 cut production below 1.4 million tons. That production variation and its impact on stocks was enough, when combined with the inelastic demand for cocoa, to produce wide swings in cocoa prices. Only very high prices seem to produce consumer resistance and increase use of cocoa substitutes and extenders.

Attempts at international cooperation in cocoa pricing date from the 1960s. Production had been growing somewhat more rapidly than demand throughout much of the period following World War II. In 1962, when an association of the five largest producers was founded to control supply, some nonmembers were continuing to stimulate cocoa production. Export quotas were added to the producer agreement, but they were overwhelmed by a record crop in 1964–65. After three huge, successive crops between 1970 and 1972 produced very low prices, a U.N. cocoa conference adopted a broader International Cocoa Agreement. Quotas and a buffer stock were set to defend a price range of 23–32¢. Before any buffer stock was accumulated, however, bad weather cut production. Prices jumped to 86¢ and stayed above the target range from 1973 through 1979. The relatively high prices reflected low stocks, a 3% annual growth in consumption, the delayed effect of limited plantings during the 1960s, and some bad weather.

The International Cocoa Agreement was renewed first in 1977 (with a new price range of 65–81¢) and again in 1980. The 1980 renewal was achieved only after prolonged negotiation in which the producers agreed to lower their minimum price goal from $1.20 to $1.02 per pound (both well above prevailing market prices). The agreement's prospects are clouded by the abstention of the largest producer (Ivory Coast) and the largest consumer (the United States).

The World Bank projects growth of cocoa production during the 1980s at 3.1% a year. Recent high prices have stimulated replanting of older cocoa groves in such traditional areas as the Ivory Coast and Ghana. New competitors, including Brazil and Malaysia, are expanding their cocoa plantings. The World Bank expects cocoa demand to grow marginally more slowly than production. In these circumstances continued downward pressure on prices may be expected. It appears doubtful that the buffer stock of the cocoa agreement and its financing arrangements will be sufficient to sustain prices at the target levels during this period.

Sugar

Several factors contribute to the volatile price pattern in the world sugar markets.

- Production varies unpredictably with weather and periodic outbreaks of crop disease.
- The supply response to price increases has lagged and may overshoot because it takes several years to bring on efficient new production and the associated large-scale refining capacity.
- Demand for sugar is inelastic, magnifying the price impact of supply problems.
- Much of the world's sugar production and consumption is insulated from price changes by subsidies, leaving the remaining sugar to trade in a relatively thin market where price responses are amplified.

The developed non-Communist countries currently produce about 30% of the world's sugar (mostly from subsidized sugar beets). Developing countries produce about 40%, and the Communist countries produce about 30%.

Sugar consumption is no longer increasing in many of the developed non-Communist economies, because consumption levels are already high and substitute sweeteners are becoming more important. High-fructose corn sweetener is displacing millions of tons of sugar in the United States, Japan, and Canada. Furthermore the European Community's (EC) common agricultural policy has stimulated production of millions of tons of European beet sugar, which is being exported under subsidy.[1]

Markets in the U.S.S.R. and Eastern Europe are approaching saturation. Sugar consumption is already high in the developing countries which export sugar. Only among the developing-nation importers is per capita sugar consumption still increasing in line with consumer incomes.

Sugar was one of the first commodities for which control via international agreement was tried. Under the Chadbourne plan of 1931, the chief world exporters agreed to restrict exports and gradually reduce stocks over a 5-year period. However, heavy stocks and declining consumption depressed prices, while nonmember production more than offset the members' export cutbacks.

A broader International Sugar Agreement, signed in 1937, included the United States, the United Kingdom, and much of Europe and set quotas for their domestic production. The agreement was never tested because World War II intervened. It was not until well after the war that low sugar prices again became a serious concern.

Secretary Haig Visits Europe

Secretary Haig departed Washington, D.C., on September 11, 1981, to visit Marbella, Spain (September 12) where he met with Saudi Crown Prince Fahd; Belgrade (September 12–13); West Berlin (September 13); Bonn (September 13–14); and returned to Washington on September 14.

Following are texts of the joint U.S.-Yugoslav press statement, the Secretary's address before the Berlin Press Association, the question-and-answer session held after that address, and his news conference in Bonn.[1]

U.S.-YUGOSLAV PRESS STATEMENT, BELGRADE, SEPT. 15, 1981[2]

At the invitation of Josip Vrhovec, Federal Secretary for Foreign Affairs of the Socialist Federal Republic of Yugoslavia, Alexander M. Haig, Jr., Secretary of State of the United States of America, paid an official visit to Yugoslavia from 12 to 13 September 1981.

The President of the Presidency of the S.F.R. of Yugoslavia, Sergej Kraigher, received Secretary of State Haig, who conveyed President Reagan's greetings to the Presidency of the S.F.R. of Yugoslavia.

Secretary of State Alexander Haig laid flowers on the grave of President Tito.

The talks were held in the friendly, open, and constructive manner which characterizes relations between the two governments. The two sides exchanged views on the further promotion of bilateral relations between the two countries and on current international issues.

The two Secretaries expressed their satisfaction at the development of relations and the expansion of cooperation between the two countries on the bases established during numerous meetings at the highest level and in joint statements of 1971, 1975, 1978, and 1980. The principles of independence, sovereignty, equality, and noninterference formulated in these meetings and tested in everyday practice of mutual relations were reaffirmed again as a lasting foundation for long-term cooperation between the two countries.

Current questions of interest for the further development of bilateral cooperation were also covered during the talks. Special attention was devoted to how economic cooperation could be strengthened, a more balanced trade achieved, and financial and industrial cooperation promoted.

Attention was also devoted to the need of exerting additional efforts to eliminate the danger of terrorism in international relations, a problem figuring on the agenda of the United Nations and other international fora. The Yugoslav side expressed its satisfaction at the steps which are being taken by the Government of the United States of America to prevent anti-Yugoslav terrorism on American soil. Secretary of State Haig stressed his government's determination to continue this course.

The two sides stated their viewpoints on the current international situation; they concluded that the interests of peace, security, and development require greater efforts by all countries. They agreed on the need to settle disputes by peaceful means and to surmount major problems of the contemporary world. They devoted special attention to the problems of development and to North-South relations. In this connection, they also exchanged views on the forthcoming summit at Cancun.

The two sides stressed the importance of a continuing dialogue for the further advancement of the relations between the two countries on the basis of equality and mutual respect.

In this context, Secretary of State Haig expressed respect for the independent nonaligned position and policy of the S.F.R. of Yugoslavia on the international scene.

Secretary Haig thanked President Kraigher and his host, Federal Secretary Vrhovec, and the other Yugoslav officials he met for the warm hospitality extended to him and to his party. Secretary of State Alexander Haig extended an invitation to Federal Secretary Josip Vrhovec to pay an official visit to the United States of America. The invitation was accepted with pleasure.

ADDRESS BEFORE THE BERLIN PRESS ASSO., WEST BERLIN, SEPT. 13, 1981[3]

A European philosopher once wrote that "all politics imply a certain idea of man." Twenty years ago, the construction of the Berlin Wall gave the world dramatic evidence of one view of the human condition. This year, as we mark the 20th anniversary of that wall, I want to discuss another concept of man, the one we cherish—the one we are pledged to defend.

Our idea of man begins with, is founded upon, and could not exist without a deep respect for the rights of the individual—rights such as freedom of expression, freedom of religion, and the freedom to choose.

A free man is a creative man. Civilization flourishes when artists and scientists, philosophers and poets, scholars and workers can develop their talents undisturbed. The ability of free men to work together, whether in political parties, press associations, free enterprises, or labor unions, is essential to the creativity of a free society. It is also the best basis for sustained economic growth.

But history has taught that there is a fine line between the liberty to create and the license to destroy. The democracies of the West are, therefore, constantly searching for the proper balance between liberty and license, between responsibility and recklessness. This creative tension keeps our legal and political institutions alive and vigorous.

A pluralistic society with a balance between individual freedom and the common good is in itself a revolutionary idea. Democracy has enabled us to create unprecedented opportunities for our citizens. But democracy is also the heritage of all men. The idea of man as a creative and responsible individual has given a distinctive shape to modern history. Repeated attempts at repression have left it stronger and more appealing than ever. I believe that the democratic revolution, with its proof in the performance of our own societies, is the best hope for human progress. The democracies of the West have a unique privilege—and a compelling obligation—to promulgate their own revolutionary doctrine throughout the world.

What is the condition of the democratic revolution today? What is its future? Let us face reality. We are beset by a multiple challenge to our idea of man:

First, the danger of a loss of faith in the capabilities of democratic societies to deal with the challenges of the 1980s;

Second, the danger of adopting a double standard toward international behavior; and

Third, the danger of posing a false dichotomy between the desire for continued social progress and the need to expend resources in defense of the West.

The Loss of Faith

Today, throughout our alliance, both the quality of our societies and the future of our transatlantic relationship are being hotly debated. This is neither unusual nor unhealthy. Democracies have never been short of critics, and the Atlantic alliance, a free association of nations, has always been distinguished by the exchange of opinions.

Nonetheless, both the substance and tone of our debates of late have begun to take a disturbing turn.

- Too many are prophesying a future devoid of hope.
- Too many are denigrating democracy as weak and indecisive, unable to cope with the challenge of the 1980s.
- The ever-present critics of NATO are once again acting as though the alliance was about to crumble.

Every healthy society goes through periods of the most arduous soul searching. But when this becomes compulsive, an end in itself, dire consequences inevitably follow. Excessive introspection, as the American people have sadly learned, paralyzes the will and thereby threatens the peace. On such occasions, we must remind ourselves of our values. We must work to restore the balance in society that makes for creativity. And we must be careful not to cross the fine line between liberty and license. That betrays the promise of freedom.

- Democracy and the rule of law cannot survive if we are not prepared to defend them.
- Pluralism cannot work if the interests of one group are advanced at the expense of the common good.
- Society cannot advance if violence and sabotage come to be regarded as legitimate methods of achieving personal and political goals.

Excessive introspection and pessimism offer no solution to our problems. We must adopt, instead, a more tolerant and optimistic attitude. Despite its difficulties, democracy alone, of all the world's political systems, honors the diversity of man. Democracy alone, despite its defects, nurtures the creativity of man. And democracy alone safeguards those rights that enable the individual and his society to grow in peace. That is why our alliance has always been able to surmount its problems. We believe in the genius of the individual.

The Soviet Union has occupied Afghanistan. . . .

Berlin is a good place to strengthen faith in democratic pluralism. This thriving city is a superb example of the success of the West. But there is an alternative on the other side of the Berlin Wall. It is a sad spectacle: a revolution that has lost its appeal. Slogans that once moved men now bore them. Institutions that purportedly offered hope for millions instead oppress them. Cynicism and pessimism are pervasive; writers, artists, poets, philosophers—the creative spirits of society—have fled westward in unprecedented numbers, unable to be heard in their own countries. The people of Poland today are engaged in a danger-fraught effort to extend the boundaries of freedom so long denied them.

Armed with this perspective, what have we in the West to apologize for? There is concrete evidence throughout Europe today that offers hope for the democratic revolution. The people of Greece, Spain, and Portugal have, over the past decade, affirmed before the world that individual rights and democracy are the keys to the future. Their optimism and defense of diversity are widely admired and deserving of support.

The Double Standard

There is a second danger to the democratic revolution today that must be confronted. I detect a growing double standard in the West toward appropriate norms of international behavior: One is a supercritical standard applied to those who cherish diversity, tolerate dissent, and seek peaceful change. Another is a more tolerant standard applied to those who abhor diversity, suppress dissent, and promote violent change.

- The Soviet Union has occupied Afghanistan since 1979. The Afghans' religion, culture, and national life are in danger of destruction. One-fifth of the entire nation has been exiled. The people of Afghanistan cherish their freedom. They are not going to give up their struggle. But why are the voices of conscience among us which cry out against this aggression so muted?
- Vietnam, which inspired such widespread concern in the West not long ago, has enslaved its southern populations, has seized Kampuchea, and now threatens the peace of Southeast Asia.
- Libya, a country which finances terror and assassinations in countries far from its borders, has invaded and occupied its neighbor Chad and calls it "unification."

Where are the demonstrations against these outrages? The phrase "national liberation" has been used to justify international terror and violence.

Vietnam . . . has enslaved its southern population, has seized Kampuchea, and now threatens the peace of Southeast Asia.

Can a nation be liberated when its people are deprived of liberty? Can a nation be free when its independence is subordinate to the will of a foreign power? Can a people be uplifted when innocent civilians are the targets of terror?

Despite its professions of peace and good will, the Soviet Union has engaged in an enormous military buildup beyond all requirements of self-defense. It has, as well, armed and encouraged its proxies to promote violent change that serves its strategic objectives. All of this has occurred despite continuing efforts by the West for arms control and a relaxation of tensions. Where are the protests against such Soviet actions?

Democracies invariably expect more of themselves than of their adversaries. Our openness, our free press, our democratic institutions subject our actions to a relentless criticism that they do not experience.

Economic Manipulation. The Soviet Union also uses a variety of covert economic maneuvers in "active measures" operations. For example, a Soviet ambassador in a West European country warned a local businessman that his sales to the U.S.S.R. would suffer if he went ahead with plans to provide technical assistance to China. In another industrialized country, Soviet agents sought to increase local concern over the stability of the dollar by driving up the price of gold. This was to be accomplished by manipulating a flow of both true and false information to local businessmen and government leaders. The gambit failed because the Soviet officials who attempted to carry it out did not fully understand the financial aspects of the operation.

Political Influence Operations. Political influence operations are the most important but least understood aspect of Soviet "active measures" activities. These operations seek to exploit contacts with political, economic, and media figures in target countries to secure active collaboration with Moscow. In return for this collaboration, Soviet officials offer inducements tailored to the specific requirements or vulnerabilities of the individual involved. In 1980, Pierre-Charles Pathe, a French journalist, was convicted for acting as a Soviet agent of influence since 1959. His articles—all subtly pushing the Soviet line on a wide range of international issues—were published in a number of important newspapers and journals, sometimes under the pseudonym of Charles Morand. The journalist also published a private newsletter which was regularly sent to many newspapers, members of parliament, and a number of foreign embassies. The Soviets used Pathe over a number of years to try to influence the attitudes of the prominent subscribers to his newsletter and to exploit his broad personal contacts.

In other cases, Soviet officials establish close relationships with political figures in foreign countries and seek to use these contacts in "active measures" operations. Capitalizing on the host government official's ambition, his Soviet contact claims to be a private channel to the Soviet leadership. To play upon his sense of self-importance and to enhance his credibility within his own government, the host government official may be invited to meetings with high-level Soviet leaders. The Soviets then exploit the local official to pass a mixture of true, distorted, and false information—all calculated to serve Soviet objectives—to the host government.

Use of Academicians and Journalists. Soviet academicians, who often are accepted abroad as legitimate counterparts of their non-Soviet colleagues, frequently engage in "active measures." Unlike their free world counterparts, they must play two roles—their legitimate academic pursuit of knowledge for its own sake and their political activities on behalf of the Kremlin. Soviet academicians are obliged to obey instructions from bodies which plan and control Soviet "active measures" activities. Similarly, Soviet journalists often engage in "active measures" operations in addition to serving as representatives of Soviet news agencies. One KGB officer in an industrialized country used his journalistic cover to pass forgeries, as well as to publish numerous propaganda articles aimed at influencing the media of the host country.

Case Studies

The Soviet Anti-TNF Modernization Campaign in Europe. The Soviet campaign in Europe against NATO TNF modernization is a good illustration of Soviet use of "active measures." After a long and unprecedented buildup of Soviet military strength in Europe, including the deployment of new SS-20 nuclear missiles targeted on Western Europe, the NATO ministers in December 1979 decided to modernize NATO's TNF capabilities. The Soviets immediately began an ongoing, intensive campaign to develop an environment of public opinion opposed to the NATO decision. (Of course, not all opposition to the TNF modernization decision is inspired by the Soviet Union or its "active measures" activities.)

In this campaign, Soviet diplomats in European countries pressured their host governments in many ways. In one European country, the Soviet ambassador met privately with the Minister of Commerce to discuss the supply and price of oil sold by the Soviet Union to that country. During the discussion, the ambassador gave the minister a copy of Leonid Brezhnev's Berlin speech dealing with TNF. He suggested that if the host government would oppose TNF modernization, the Soviet Ministry of Foreign Affairs might persuade the Soviet Ministry of Foreign Trade to grant more favorable oil prices.

Moscow has spurred many front groups to oppose the TNF decision through well-publicized conferences and public demonstrations. To broaden the base of the anti-TNF campaign, front groups have lobbied non-Communist participants, including antinuclear groups, pacifists, environmentalists, and others. In some cases, the activities of these broad front groups have been directed by local Communist parties. Soviets have predictably devoted the greatest resources to these activities in NATO countries where opposition to the TNF modernization decision is strongest.

In the Netherlands, for example, the Communist Party of the Netherlands (CPN) has set up its own front group—Dutch Christians for Socialism. In November 1980, the Dutch "Joint Committee—Stop the Neutron Bomb—Stop the Nuclear Armament Race," which has ties to the CPN, sponsored an international forum against nuclear arms in Amsterdam. The forum succeeded in attracting support from a variety of quarters, which the CPN is exploiting in its campaign to prevent final parliamentary approval of the TNF decision.

The Soviet Campaign Against Enhanced Radiation Weapons (ERW). The Soviets, throughout 1977 and early 1978, carried out one of their largest, most expensive, and best orchestrated "active measures" campaigns against enhanced radiation (neutron) weapons. (Again, not all opposition to the U.S. decision to produce the enhanced radiation weapon is Soviet inspired.)

This Soviet campaign has had two objectives: first, to halt deployment of ERW by NATO; second, to divide NATO, encourage criticism of the United States, and divert Western attention from the growing Soviet military buildup and its threat to Western Europe and the world.

- Phase one occurred throughout the summer of 1977. The Soviets staged an intense propaganda blitz against ERW and the United States, involving numerous demonstrations and protests by various "peace councils" and other groups. This phase culminated in a Soviet-proclaimed international "Week of Action."
- Phase two began in January 1978 with Soviet propaganda exploitation of a letter from Leonid Brezhnev to Western heads of government warning that production and deployment of ERW constituted a serious threat to detente. A barrage of similar letters from members of the Supreme Soviet went to Western parliamentarians. Soviet trade union officials forwarded parallel messages to Western labor counterparts.
- Phase three came in early 1978 with a series of Soviet-planned conferences, under different names and covers, designed to build up the momentum of anti-ERW pressure for the U.N. Special Session on Disarmament of May-June

1978. These meetings and conferences, held throughout February and March, were organized either by the World Peace Council or jointly sponsored with established and recognized independent international groups.

The Soviet campaign succeeded in complicating allied defense planning and focusing criticism on the United States. A top Hungarian Communist Party official wrote that "the political campaign against the neutron bomb was one of the most significant and successful since World War Two." The propaganda campaign did not end in 1978; it was incorporated into the anti-TNF effort. With the recent U.S. decision to proceed with ERW production, the Soviets have begun a new barrage of propaganda and related "active measures."

Soviet "Active Measures" Toward El Salvador. Complementing their overt public support for the leftist insurgency in El Salvador, the Soviets have also engaged in a global "active measures" campaign to sway public opinion. These activities include a broad range of standard techniques, including forgeries, disinformation, attempted manipulation of the press, and use of front groups. The obvious dual purpose has been to increase support for the insurgency while trying to discredit U.S. efforts to assist the Government of El Salvador.

In 1980, Salvadoran leftists met in Havana and formed the United Revolutionary Directorate (DRU), the central political and military planning organization for the insurgents. During the same period, the Salvadoran Revolutionary Democratic Front (FDR) was established, with Soviet and Cuban support, to represent the leftist insurgency abroad. The FDR and DRU work closely with Cubans and Soviets, but their collaboration is often covert.

The FDR also supported the establishment of Salvadoran solidarity committees in Western Europe, Latin America, Canada, Australia, and New Zealand. These solidarity committees have disseminated propaganda and organized meetings and demonstrations in support of the insurgents. Such committees, in cooperation with local Communist parties and leftist groups, organized some 70 demonstrations and protests between mid-January and mid-March 1981 in Western Europe, Latin America, Australia, and New Zealand.

The FDR and DRU are careful to conceal the Soviet and Cuban hand in planning and supporting their activities and seek to pass themselves off as a fully independent, indigenous Salvadoran movement. These organizations have had some success in influencing public opinion throughout Latin America and in Western Europe. The effort of the insurgents to gain legitimacy has been buttressed by intense diplomatic activity on their behalf. For example, at the February 1981 nonaligned movement meeting in New Delhi, a 30-man Cuban contingent, cooperating closely with six Soviet diplomats, pressed the conference to condemn U.S. policy in El Salvador.

At another level, the Soviet media have published numerous distortions to erode support for U.S. policy. For example, an article in the December 30, 1980 *Pravda* falsely stated that U.S. military advisers in El Salvador were involved in punitive actions against noncombatants, including use of napalm and herbicides. In another particularly outrageous distortion, a January 1, 1981, article in the Soviet weekly *Literaturnaya Gazeta* falsely stated that the United States was preparing to implement the so-called centaur plan for "elimination" of thousands of Salvadorans.

Campaign Against the U.S.-Egyptian Relationship and the Camp David Process. In the Middle East, Moscow has waged an "active measures" campaign to weaken the U.S.-Egyptian relationship, undermine the Camp David peace process, and generally exacerbate tensions. A special feature of Middle East "active measures" activities has been the use of forgeries, including:

- A purported speech by a member of the U.S. Administration which insulted Egyptians and called for "a total change of the government and the governmental system in Egypt." This forgery, which surfaced in 1976, was the first of a series of bogus documents produced by the Soviets to complicate U.S.-Egyptian relations.
- A forged document, allegedly prepared by the Secretary of State, or one of his close associates, for the President, which used language insulting and offensive to President Sadat and other Egyptians and also to other Arab leaders, including King Khalid of Saudi Arabia. This forgery was delivered anonymously to the Egyptian Embassy in Rome in April 1977.
- A series of forged letters and U.S. Government documents, which criticized Sadat's "lack of leadership" and called for a "change of government" in Egypt. These forgeries surfaced in various locations during 1977.
- A forged dispatch, allegedly prepared by the U.S. Embassy in Tehran, which suggested that the United States had acquiesced in plans by Iran and Saudi Arabia to overthrow Sadat. This forgery was sent by mail to the Egyptian Embassy in Belgrade in August 1977.
- A forged CIA report which criticized Islamic groups as a barrier to U.S. goals in the Middle East and suggested tactics to suppress, divide, and eliminate these groups. This forgery surfaced in the January 1979 issue of the Cairo-based magazine *Al-Dawa*.
- A forged letter from U.S. Ambassador to Egypt Herman F. Eilts, which declared that, because Sadat was not prepared to serve U.S. interests, "we must repudiate him and get rid of him without hesitation." This forgery surfaced in the October 1, 1979 issue of the Syrian newspaper *Al-Ba'th*.

Conclusion

The Soviet Union continues to make extensive use of "active measures" to achieve its foreign policy objectives, to frustrate those of other countries, and to undermine leadership in many nations. On the basis of the historical record, there is every reason to believe that the Soviet leadership will continue to make heavy investments of money and manpower in meddlesome and disruptive operations around the world.

While Soviet "active measures" can be exposed, as they have often been in the past, the Soviets are becoming more sophisticated, especially in forgeries and political influence operations. Unless the targets of Soviet "active measures" take effective action to counter them, these activities will continue to trouble both industrialized and developing countries. ■

News Conference of October 1 (Excerpts)

. . . .

This morning Congress was notified of our intention to sell AWACS [airborne warning and control] aircraft and F–15 enhancement items to Saudi Arabia. I have proposed this sale because it significantly enhances our own vital national security interests in the Middle East. By building confidence in the United States as a reliable security partner, the sale will greatly improve the chances of our working constructively with Saudi Arabia and other states of the Middle East toward our common goal—a just and lasting peace. It poses no threat to Israel now or in the future. Indeed, by contributing to the security and stability of a region, it serves Israel's long-range interests.

Further, this sale will significantly improve the capability of Saudi Arabia and the United States to defend the oil fields on which the security of the free world depends.

As President, it's my duty to define and defend our broad national security objectives. The Congress, of course, plays an important role in this process. And, while we must always take into account the vital interests of our allies, American security interests must remain our internal responsibility. It is not the business of other nations to make American foreign policy. An objective assessment of U.S. national interests must favor the proposed sale, and I say this as one who holds strongly the view that both a secure State of Israel and a stable Mideast peace are essential to our national interests.

. . . .

Q. Since Saudi Arabia has agreed to an American presence on AWACS, what do you think is the possibility now of Senate acceptance of the sale? And you seem to have been telling us right now that Israel should keep its hands off what we consider American national security matters in the Middle East.

A. No, and let me hasten to add, I don't mean that in any deprecating way because, in my meeting with President Sadat and Prime Minister Begin, both of them were fine meetings. I think we've arrived at a very great understanding, and we're going forward with strategic discussions of our relations with Israel. But I don't think that anyone—I suppose what really is the most serious thing is the perception that other countries must not get a perception that we are being unduly influenced one way or the other with regard to foreign policy and I—

Q. What about the chance of the sale going through in the Senate?

A. I believe that the chance is good. I think that many of the things that we've had to report now on the terms of that sale meet most of the objections that some of those have had.

. . . .

Q. Will you be willing to accept larger cuts in your 1982 defense budget if Congress prepares it to total along those lines?

A. I would hesitate to say that I would or that they should do this because these cuts were not just made on the basis of saying, "Oh, let's take a percentage of the money away from them."

We went into what in the planned military buildup that we believe is essential to our national security. What does each cut mean? What must we eliminate?

I would like to call to your attention that before the program even went into effect, or before this $2 billion cut for 1982, Caspar Weinberger, the Secretary there, had already come up himself with $3½ billion in cuts in defense spending.

Q. Why didn't you go for that?

A. We found because he was able to find where he believed he could make the additional cuts trying to be helpful without any important setback to our military buildup.

Q. Are you aware that the same people at the Pentagon and the State Department who now want you to sell AWACS planes to Saudi Arabia [inaudible] wanted that very same weapons system sold to the Shah of Iran just before the Shah fell? Given the fact that when the Shah fell, the United States launched top secret military equipment in Iran in its initial F–16 fighters, can you now guarantee the Congress and the people of the United States that the AWACS system, if it's sold to the Saudis, will not compromise American security or would not fall into the wrong hands?

A. I can make that guarantee that it will not compromise our security. I don't believe that it will fall into enemy hands, but it would not compromise our security even if it did.

With regard to 4½ years ago, I wasn't here then and Iran—I have to say Saudi Arabia, we will not permit to be an Iran.

. . . .

Q. There's been talk about limited nuclear war. Do you believe that either the Soviet Union or the United States could win a nuclear war? Is there a winnable nuclear war?

A. It's very difficult for me to think that there is a winnable nuclear war, but where our great risk falls is that the Soviet Union has made it very plain that among themselves that they believe it is winnable. And believing that, that makes them constitute a threat and which is one of the reasons why I'm dedicated to getting them at a table, not for arms limitation talks but for arms reduction talks.

Q. Can you be sure our European allies and anyone else in Europe are not seeking military superiority over the Soviet Union or, in fact, is that the policy?

A. We are seeking whatever is necessary to insure that that "window of vulnerability" I've spoken of has been closed and that the risk has been reduced of there being a war at all. And I think our allies, largely in Europe, do know that. I also do think that there are groups among our allies, as there are here in America, who are increasingly vocal in carrying their own message and it is one there of pacifism and neutrality and so forth. I think they're very unrealistic, and if we listen to them, I think we'd all be in trouble.

. . . .

Q. You said a few minutes ago that you would not allow, you would not permit what happened in Iran several years ago to happen in Saudi Arabia. How would you prevent that? Would you take military intervention if that was necessary to prevent it?

A. I'm not going to talk about the specifics of how we would do it, except to say in Iran I think the United States has to take some responsibility for what happened there—with some very short-sided policies and let a situation come to a boiling point; there was no need to do that. But in Saudi Arabia, I just would call to your attention that it's not only the United States, it's the whole Western world. There is no way, as long as Saudi Arabia and the OPEC nations there in the east—and Saudi Arabia's the most important, it provides the bulk of the energy that is needed to turn the wheels of industry in the Western world—there's no way that we could stand by and see that taken over by anyone that would shut off that oil.

. . . .

Q. I'd like to take you pretty far from Wall Street to the People's Republic of China. There is a standing invitation here for you, as the American President, to go to China. In Beijing they are talking about that possibility. In Cancun at that summit conference later this month you will be there and the head of government of the People's Republic of China will be there. What is your thinking now about traveling to Beijing?

A. That's something that I look forward to with interest, but I don't think for a while yet.

Q. They think in the spring of next year. Is that possible?

A. That may be a little earlier than it should happen. And then I remember that all of you say that Presidents only travel when they're in trouble and I don't want to be in trouble next spring. [Laughter]

Text from White House press release. ■

Secretary Interviewed on "Issues and Answers"

Secretary Haig was interviewed on ABC's "Issues and Answers" by ABC News correspondents Sander Vanocur and Barrie Dunsmore in Washington, D.C., September 20, 1981.[1]

Q. The Administration's $8.5 billion arms proposal to sell weapons to the Saudi Arabians is in deep difficulty on the Hill. Now, as someone who was reported last winter to have urged caution, at times delay notification, while the Defense Department was practically negotiating the agreement with the Saudis, aren't you now, as the point man for the Administration on the Hill, rather in the position of the good soldier fighting with a battle plan that is not yours?

A. Not at all. This is an issue that has been analyzed, studied, negotiated by two Administrations, not by one. And we have concluded that now is the time to proceed on this very important issue, to do so in the interests of the peacekeeping process in the Middle East, where we are going to require the cooperation and the help of all of the parties. And that's the essence of this issue.

Q. Is there not a double standard here when you urge the Senators, as you did on Thursday before the Senate Foreign Relations Committee, to vote for this package because the President has to have the authority to go before other governments and they can be convinced that he can negotiate a treaty? And this, from you, for a president, who as a candidate opposed the Panama Canal Treaty and opposed the SALT II Treaty, both negotiated by his predecessor. Is there not only a double standard but hypocrisy in this?

A. No. And, as a matter of fact, there is not a double standard issue at all. The issue is, does this sale meet the vital interests of the American people. And the facts are that it does in a very profound way. It does not mean that there are not risks for Israel in this sale. We recognize that. But the greater risks, at this juncture in the Middle East peacekeeping process, would be not to proceed with this sale. It's not a question of double standard. It's a question of whether this is the right step to take in the interests of the American people, and we believe that it is.

Q. On Thursday, Senator Glenn, to whom you paid respectful attention, said, if you modified the proposal—gave the AWACS [airborne warning and control system] reconnaissance planes to the Saudis at half price but you shared a joint command with the United States—he said that would go through the Senate in 20 minutes. And he said afterward, after you had testified, that he'd help the Administration in any way. Now, if passage is desired, and if passage is dependent, as Senators say it is, on some modification like the Glenn proposal, is the Administration thinking about asking Senator Glenn to perhaps talk to the Saudis? He's respected by them. And see if he can put the deal together?

A. Not at all. It is very easy for a Senator—and a very respectable and very competent Senator like Senator Glenn—to sit off on the side. He has not been involved in the months and months of discussions associated with this sale. To offer perhaps what it is in his view a more desirable package—that's very understandable, and we welcome his suggestions.

On the other hand, we've been through this process, and two Administrations have been through this process. We are convinced that the Government of Saudi Arabia, the people of Saudi Arabia, could not enter into an arrangement of the kind described by Senator Glenn without a serious blow to their sovereignty and national pride.

After all, Saudi Arabia is a country that has experienced the vicissitudes of colonialism, and like so many other areas in the region, or countries in the region, including Egypt, they are very, very opposed to the establishment of American bases or pervasive American influence in their country. And I understand that, and I think we Americans have learned that lesson.

Q. This past week, a couple of times you made the point that U.S. policy should not be subject to a foreign veto. To what extent do you feel that [Israeli] Prime Minister Begin's lobbying here, his charts and his graphs which he took to the key committees of Congress, may be a factor in the ultimate defeat of this issue?

tion and exploration, traditionally dominated largely by U.S. companies. Through tax incentives and other policies which discriminate in favor of Canadian firms over foreign companies, the Canadian Government seeks to increase Canadian ownership of the energy industry to 50% by 1990. The national energy program also imposes restrictions on the price of oil and gas in Canada, holding Canadian prices below world levels.

We cannot and do not challenge Canada's basic right as a sovereign nation to formulate its own social and economic objectives. However, we have an obligation to help protect the legitimate rights of U.S. investors in Canada. We believe that Canadian investment policies unjustly discriminate against U.S. and other foreign investors. These policies clearly represent a major departure from the principle of "national treatment" for all enterprises established in a country, regardless of their nationality.

For many years, the United States has made efforts in many fora to support an open international investment system and to minimize government intervention in the decisionmaking process related to individual investments. We believe that Canadians have benefited significantly from the open climate that has traditionally existed between our two countries. However, Canada's policies since the mid-1970s have been moving in an increasingly restrictive direction. The Foreign Investment Review Agency has made entry, expansion, and diversification of U.S. companies in Canada problematic. The national energy program in all its facets, including the energy security act announced in June in draft form and the Alberta-Ottawa accord of September 1, contains elements which are highly discriminatory toward U.S. investors. Extension of the program to take in energy companies' downstream operations would give us additional cause for alarm.

I hasten also to point out that these policies appear to be counterproductive and even contrary to Canada's summit commitments. As of late spring, the number of oil rigs operating in Canada had decreased almost 50%. Total spending on oil and gas exploration had dropped by almost 25% from year-earlier figures. Yet the major industrialized countries have pledged to work toward energy self-sufficiency. Canada's policies have, if anything, retarded exploration and development of Canadian energy resources. In particular, Canada's policies have caused American companies to walk away from potentially productive resources because of politicoeconomic barriers. Numerous companies are disturbed by the trend in Canada's energy policies and have gone elsewhere to explore for and develop energy resources.

We have systematically raised our concerns in numerous consultations with our Canadian friends—at all levels from the President's meetings with Prime Minister Trudeau on down. I have participated in several meetings between senior U.S. and Canadian delegations where the Canadian national energy program and related investment issues were at the center of the discussion. Members of Congress are hearing with increasing frequency from their constituents on these questions. Our concern is clear, and we fervently hope we have been able to communicate it clearly.

Let me step back for a moment to the process of formulating U.S. policy on these issues. We must evidently start with the nature of the U.S.-Canadian relationship as I discussed it a moment ago. Canada is a full partner in the leadership of the free world; it has assumed responsibilities to and for the global economic system. That is the essence, the "spirit" of the economic summits; their *raison d'etre* if you will. We look to Canada to formulate its policy consonant with those responsibilities; for our part, we accept inevitable difference in approach, and we must respect Canadian values. On several tough issues, we are in the middle of a solution. For both sides, flexibility and communication must be the watchwords if we are to avoid irreparable damage to the relationship.

Major Items in U.S.-Canadian Trade, 1980

U.S. Exports

Total	**$34 billion**
Road vehicles and parts	7.6
Special industrial machinery	2.55
Chemical and related products	2.1
Industrial machinery	1.98
Power generating machinery and equipment	1.8
Electrical equipment and parts	1.3
Petroleum and products	.95
Coal, coke, briquettes	.88
Civil engineering and contractor equipment	.75
Aircraft	.7

U.S. Imports

Total	**$41 billion**
Natural and manufactured gas	4.1
Passenger motor vehicles	3.8
Paper and paper board	3
Petroleum and products	2.8
Standard newspaper print	2.6
Wood, lumber, cork	2.1
Motor vehicles and handling equipment parts	1.7
Pulp and waste paper	1.6
Metalliferous ore and scrap	1.0
Fertilizer and fertilizer materials	.9

Source: Department of Commerce, EM 450/455, Dec. 1980; IM150/IM155, Dec. 1980.

Mexico

I will now turn to our relations with Mexico. Not surprisingly, most of the issues important in our relations with Canada—trade, energy, investment, fishing—are equally important to our relations with Mexico. U.S. trade with Mexico is smaller than with Canada, which historically has been our number one trade partner. But in the last few years trade with Mexico has grown so rapidly that in 1980 Mexico became our *third largest trading partner*, eclipsed only by Canada and Japan.

In the last 2 years, trade has risen more than 50% a year. Naturally much of the increase has been due to increased Mexican production and export of oil and gas, but it has not been a one-sided increase. As Mexico has used oil sales to develop its economy, its appetite for imports has grown. U.S. exports to Mexico have expanded even more rapidly than our imports. Consequently, Mexico's trade deficit with us has been

Major Items in U.S.-Mexican Trade, 1980

U.S. Exports

Total	**$14.8 billion**
Chemical and related products	1.4
Road vehicles	1.3
Cereals and cereal preparations	1.2
Special industrial machinery	1.1
Electrical equipment	.9
Industrial machinery	.9
Transport equipment	.6
Aircraft	.4

U.S. Imports

Total	**$12.5 billion**
Petroleum and products	6
Electrical machinery	.55
Telecommunications and sound reproduction equipment	.7
Natural and manufactured gas	.55
Vegetables and fruits	.49
Fish	.35
Coffee, cocoa, tea, spices	.3
Nonferrous metals	.3
Wearing apparel	.2

Source: Department of Commerce, EM 450/455, Dec. 1980; IM150/IM155, Dec. 1980.

widening, to nearly $3 billion in 1980. Although a part of the increase in the trade deficit was attributable to increased grain imports by Mexico resulting from poor weather, the fact remains that Mexico has been buying capital equipment and other industrial inputs in expanding quantities in order to speed its economic development. This indicates that Mexico is seeking to use its oil revenue to increase its industrial base so that the fruits of exploitation of its natural resources can contribute to long-run development and, at the same time, avoid economic dislocations such as runaway inflation brought about by revenues that the Mexican economy cannot absorb.

It should also be a signal to us of the emergence of a Mexican industrial base that will become more competitive and seek to make further inroads into the American market. As a consequence, trade relations with Mexico are likely to loom even larger in the future. Mexico must begin now to look beyond its oil revenues and plan for an economy based on trade in a wide range of manufactured goods and raw materials. It will be taking on, progressively, the obligations and responsibilities for the free flow of goods and capital throughout the world economy, which we already expect from Canada.

In this vein, we welcome Mexico's increased participation in world affairs and especially Mexico's concern for developments in the hemisphere. President Lopez Portillo in his 1979 address to the General Assembly called for a global approach to solve the world's energy problems. Mexico last year joined with Venezuela in an effort to help the oil-importing countries of Central America and the Caribbean not only to cope with the problem of payment for oil imports but also to pay for energy development strategies to reduce their dependence on imported oil.

To be candid, however, I must also signal that some aspects of Mexico's existing trade and investment policies pose problems for us. For example, Mexico imposes performance requirements in key sectors. The 1977 Mexican automotive decree requires producers to obtain the foreign exchange requirements needed for their operations (e.g., for imported components and indirect foreign exchange costs such as interest and dividend payments made abroad) through the export of completed vehicles and parts and allocates foreign exchange among the producers on the basis of, *inter alia*, the percentage of domestic materials incorporated in their products. Such requirements generate effects similar to import quotas on components and other inputs, and they are distorting U.S.-Mexican trade patterns in this area. We have held, and will continue to hold, extensive consultations on this issue.

The issue of migration is also a major concern to the United States and to Mexico. What had been a steady flow of immigrants across our southern border has turned into a torrent, especially after the end in 1964 of the temporary worker agreement known as the *bracero* program. Mexico is, of course, the source of the largest number of illegal immigrants. There are many reasons for this flow, including historic migration patterns, wage differentials, and Mexico's rapid population growth in recent years.

Over the long run the best solution is the development of the Mexican economy so that all who seek work in Mexico can find it. The Mexican Government has set forth a development program that would eliminate the high unemployment and even higher underemployment. As I have pointed out, the development of the Mexican economy will depend in part on its ability to sell its products. Barriers to entry to the U.S. market will reduce Mexico's ability to cooperate with us to solve the immigration problem, and a solution will be that much more difficult to find.

President Reagan's Camp David meeting with President Lopez Portillo enabled both leaders to consult and discuss these bilateral issues at length. The two presidents established a joint trade commission which is meeting formally today in Mexico City. We hope it will provide the structure within which our trade relations with Mexico can flourish. By yearend, Secretary Haig and Foreign Secretary Castaneda will recommend to the presidents other ways in which the management of our relations could be improved.

The United States is earnestly seeking mechanisms that would permit us to assure special treatment of the needs of Mexico. Mexico, on the other hand, is exemplary of the newly industrializing countries which must progressively take on broader global commitments, moving away from the preferential treatment granted to the poorer developing countries. It should not be many years before we look to the north and to the south with the expectation of finding neighbors of equal stature in the world economy.

Cooperation in the Caribbean Basin

Let me now turn to an issue which involves the three of us—Canada, Mexico, and the United States—working together for the broader community of the Western Hemisphere. I refer, of course, to our recent Caribbean Basin initiative. We have become increasingly concerned over the serious political, social, and economic problems faced by many countries in Central America and the Caribbean. We are currently seeking to cooperate with the states of the Caribbean Basin in a practical way to develop programs to stimulate more rapid growth in the region.

The 1954 edition of the International Sugar Agreement included most of the major exporters and importers. It had a price range of 3.25–4.35¢ per pound, protected by export quotas. The Suez crisis in 1956 sent prices above 6¢, but a large 1957–58 world sugar crop pushed prices to the floor level. The agreement was renewed in 1958, and Brazil and Peru, the two major exporters that had remained outside the agreement, were brought in. Production increased again in 1959, consumption faltered, and stocks continued to rise. In 1961, after the United States stopped imports of Cuban sugar in an anti-Castro move, Cuba demanded a huge increase in its export quota. The agreement broke down when the other exporters refused the demand.

The International Sugar Agreement was revised in 1969 and reactivated for a 5-year period until it was finally terminated in 1973. The agreement was undercut by the need to offer attractive quotas to attract new members, by subsidized sugar production in the developed countries, and by an uncertain mechanism for limiting Cuban sugar reexported through Communist countries. Prices varied from 3.2¢ in 1969 to 9.5¢ in 1973.

After termination of the agreement, prices peaked again in 1974, averaging 30¢ a pound, and then fell back to about 8¢ for several years. These low prices led to the current agreement, which went into effect in 1978.

The current International Sugar Agreement comprises 59 producing and consuming nations including the United States. The agreement has been committed to keeping sugar prices within a specified range, currently 13–23¢ per pound. Producer nations agree to apply export quotas when prices are low, and consuming nations agree to limit imports of nonmember sugar. When prices are high, exporting member stocks totaling 2.5 million tons are released according to a prearranged price schedule. The agreement cut export quotas by 12½%—or 2.2 million metric tons—for both 1978 and 1979, when sugar prices averaged 7.8¢ and 9.9¢ per pound, respectively. In 1980, with the national stocks drawn down, sugar prices rose well above 40¢ per pound.

Despite broad producer and consumer membership, the International Sugar Agreement faces serious problems. Expanded production of high-fructose corn sweetener and its lineal descendents will displace millions of tons of sugar from key markets in the years ahead. The EC is likely to continue major exports of subsidized beet sugar in the world markets, because it will be reluctant to join the agreement without a quota that recognizes those exports. In addition, the World Bank projects that sugar production will increase more rapidly than consumption in the developing countries over the next decade. The general outlook for sugar stability is poor.

Tea

Tea prices have been notable in the commodity world for their relative stability. This is due in no small part to production factors: tea is a leaf crop and thus is less subject to variations in weather than such fruit crops as coffee and cocoa. Tea growers also have more latitude to vary production with prices: When prices are good, growers can increase production both by applying more fertilizer and by harvesting more leaves per bud. New tea plantings reach bearing age faster than most trees. Oddly, the fact that tea does not store well for long periods may also work in favor of price stability. Other crops have gotten into major difficulties because they have built up carryover stocks to high levels in the annual hope that the next year would offer better markets. The tea industry tends to sell this year's tea this year without relying on such uncertainties.

Tea demand is relatively stable and inelastic in the short run. The World Bank projects that world tea demand will grow by about 3.5% per year to 1990, with production growing slightly faster than that. Developed-country markets are already saturated, and the rapidly growing consumption in the U.S.S.R. and China is expected to taper off in the years ahead. Tea demand in the developing countries has been growing at about 4.4% per year.

Tea prices were somewhat more erratic in the 1970s than earlier, reflecting, in part, increases in energy prices affecting tea growers' fuel, fertilizer, and marketing costs. Sri Lanka has also suffered some poor tea crops, decreasing supply, and tea demand shot up temporarily after the Brazilian freeze drove coffee prices up in 1976–77.

India and Sri Lanka are the two largest tea exporters, but Bangladesh, Indonesia, Africa, and Latin America have all been increasing their exports recently.

Tea producers had a long-lived International Tea Agreement from 1933 to 1955. In its early years it featured export quotas and a virtual prohibition on new plantings. Despite the agreement, there was little change in tea prices until the threat of World War II in 1939. The agreement continued after the war, without restrictions on production or marketing. In 1950 export quotas were issued, but no attempt was made to restrict supplies significantly. The agreement was permitted to expire after 1955. It had virtually no impact on the tea market in its last 15 years of existence.

Natural Rubber

Rubber price fluctations arise primarily from the demand side, in sharp contrast to most other crops. The major use of rubber has been in automotive products, and prices have been very sensitive to changes in general economic activity. Natural rubber demand has also been dramatically affected by the relative price and availability of synthetic rubber.

Sales of elastomers have been growing at roughly 6.5% per year since the early 1950s. Until recently, however, synthetic rubber gained most of the market growth, expanding at more than 9% a year. Natural rubber production grew at less than 3% annually. Recently, the demand for natural rubber has been stimulated by the demand for radial tires, which require a high proportion of natural rubber, and by higher oil prices, which increase the cost of synthetic rubber. The impact of high energy prices on autos and driving is expected to hold back elastomer demand during the coming decade. Even so, natural rubber production may not keep up with demand unless additional investments are made in the next few years.

Rubber production is centered in Southeast Asia, with 80% coming from Malaysia, Indonesia, and Thailand. Sri Lanka, India, Liberia, and Nigeria have accounted for another 12%. Most rubber is now produced on small farms rather than on large plantations.

Rubber has a long history of international market control efforts. The Stevenson plan was inaugurated in 1922, restricting rubber exports from Ceylon, Malaya, and the Straits Settlement (all British dependencies). Rubber prices increased sharply at first. However, growers in other areas stepped up plantings sharply. By 1927, when the plan was dropped, the British dependencies' share of the rubber market had declined from about 70% to 54%, with no long-term increase in price. But temporarily higher prices had stimulated the development of synthetic rubber and the rubber reclaiming industry.

The Depression and larger world plantings kept rubber prices low through 1934 and produced the International Rubber Regulation Agreement. This agreement at first raised prices, at the cost of building producer stocks. Rubber demand increased significantly in the next few years, carrying prices up with it and permitting the liquidation of those stocks. The agreement continued in force until the Japanese conquest of rubber-producing areas catalyzed an explosive increase in the synthetic rubber industry.

Perhaps because of the direct competition from synthetic rubber, there were no further rubber agreements until 1979, when negotiations for the International Natural Rubber Agreement were concluded. It entered into force provisionally in late 1980 and will enter into force definitively when full financing of the large 550,000-metric ton buffer stock is assured. This could occur as early as mid-1981; then, if warranted by market conditions, the buffer stock could begin market operations to defend a price range of 150–270 Malaysian/Singapore cents per kilo (approximately 32–58 U.S. cents per pound). The World Bank expects natural rubber prices to flucutate around a level of 52¢ per pound (in 1977 dollars) through 1990.

Jute

Jute is employed principally in sacking, industrial cloth, and carpet backing. It gets tough competition in these markets from synthetics—polypropylene and polyethylene. As a result, world jute demand has been essentially stagnant for 15 years. Large variations in jute production have, however, triggered big short-term swings in jute fiber prices. Supply disruptions and high prices due to civil disturbances in Bangladesh in the early 1970s gave added momentum to synthetics by curtailing jute supplies and raising prices for a time. Jute production is concentrated in India, Bangladesh, and China; because China is a net importer, the world market is left to India and Bangladesh.

Jute market efforts have been discussed for years under the Food and Agriculture Organization (FAO) Intergovernmental Group on Jute, Kenaf, and Allied Fibers. In recent years UNCTAD discussions have also focused on jute, and a non-price-stabilizing cooperative arrangement, the International Jute Organization, is currently being negotiated. The organization would promote jute in world markets and foster research and development related to the raising and processing of the fiber.

Table 1

Primary Commodity	Competitors
Rubber	Synthetic rubber, plastics.
Cotton	Other natural and synthetic textile fibers.
Tin	New technology that permits thinner tin plating; plastic can linings; aluminum, paper, and plastic containers.
Jute	Polypropylene and polyethylene fibers and sheets.
Sugar	Corn sweeteners (especially the recently developed high-fructose corn sweetener), and noncaloric sweeteners.
Copper	Microwave communications; steel-reinforced aluminum and glass-fiber cables; plastic plumbing pipe; electronic replacements for electric devices.
Bauxite	Other metals and plastics that offer some of aluminum's lightweight and weather-resistent properties; aluminum recycling efforts.
Cocoa	Cocoa flavorings; vegetable oils used as extenders.
Coffee	Other beverages.
Tea	Other beverages.

While producers still hope for additional international measures to stabilize jute prices, a recent World Bank study, (*A Dynamic Simulation Model of the World Jute Economy.* Staff Working Paper No. 391. May 1980) suggests that there may be little benefit to exporters from jute price stabilization. The study found that increased price stability would be enough in itself to induce expansion in jute production, which would push prices down and leave returns to the producing nations approximately where they had been. The study also suggested that higher jute prices would encourage synthetic fibers to take over more of the market.

The rising cost of competing petroleum- and gas-based synthetics will support some increase in jute prices during the 1980s.

Cotton

Cotton is an annual crop produced in more than 75 countries and exported by more than 60 nations. Over recent decades, cotton production has been shifting from the developed to the developing countries, which now produce 44% of the world's cotton. Rapid expansion in the U.S.S.R. and China has raised the Communist countries' share of the world production 12 percentage points to 39%. The industrialized non-Communist countries' share of the market has dropped from 32% in 1961 to about 18% now. The developing countries are expected to continue expanding cotton production: some potential cotton land now is in less-valuable crops, their technology is improving, and many of them have expanding textile manufacturing industries. For the next decade, cotton is projected to capture nearly half of the increase in textile fiber demand, with production growing at an annual rate of about 2%.

The International Cotton Advisory Committee has reached no consensus on ways to raise or stabilize cotton prices without encouraging the substitution of synthetic fibers. (During the 1960s the United States used price supports to maintain artificially high prices for cotton producers, resulting in a sharp decline in cotton's share of the textile fiber market.)

Hard Fibers

The hard fibers include sisal, abaca (Manila hemp), and coir (coconut husk fiber). Sisal is produced primarily in Kenya, Tanzania, and Brazil and is used importantly in twine. Abaca has produced the finest natural hemp cordage because of its strength (especially when wet), durability, and flexibility. It is produced primarily in the Philippines (84%) and in Ecuador (15%) from a plant closely related to the banana. There are two types of coir: brown coir, produced

This is a source of strength and health for democracies. But when it paralyzes essential efforts to defend freedom, as it did in the 1930s, not only freedom, but peace too, is endangered. It is Soviet tanks, not NATO's defense against those tanks, that threaten the peace of Europe. It is the rapid expansion of Soviet nuclear weaponry in the European theater that has forced NATO to respond. We have made clear that we are equally prepared to respond in a positive way to Soviet restraint. We would welcome the reduction of armaments on both sides. But the hopes for such reductions will be doomed if our people succumb to a double standard that falsely blames the troubled state of the world not on aggression but on the effort to defend against it.

Libya . . . has invaded and occupied its neighbor Chad. . . .

When democracies become too feeble or too fearful to resist aggressive dictatorships, then who is there to defend democracy? To us here today, children of the 20th century, this is more than a rhetorical question. Are we going to be blind again?

Once more, terror and intimidation are being used to silence those who speak out; once more attacks on synagogues and churches have become the instrument of perverted political causes; once more a totalitarian regime is invoking the slogans of self-determination to advance its imperial ambitions. And at the very time when the United States is being accused of delay on arms control, others appear to be violating one of the oldest arms control agreements—that prohibiting the use of toxins.

For some time now, the international community has been alarmed by continuing reports that the Soviet Union and its allies have been using lethal chemical weapons in Laos, Kampuchea, and Afghanistan. As a result of this deep international concern, last fall the United Nations established an impartial group of medical and technical experts to investigate the matter. In spite of this international attention and action, however, reports of this unlawful and inhuman activity have continued. Moreover, we now have physical evidence from Southeast Asia which has been analyzed and found to contain abnormally high levels of three potent mycotoxins—poisonous substances not indigenous to the region and which are highly toxic to man and animals.

The use in war of such toxins is prohibited by the 1925 Geneva protocol and related rules of customary international law; their very manufacture for such purposes is strictly forbidden by the 1975 Biological Weapons Convention. We are, therefore, taking steps to insure that this evidence is called to the attention of states and that it is provided to both the Secretary General of the United Nations and to the group of experts investigating this problem under his auspices. Tomorrow, in my capital, the United States will have more to say on this subject.

Once again, the double standard threatens to impose blinders on our view of the world. The democratic revolution is impugned and criticized. A forgiving and accepting eye is turned toward adversaries. But this assault is not without cost. The Western alliance either shares the vision of a world of peaceful change where international disputes are settled without resort to force, or it is no alliance. If we become divided on the basic question of our purposes, if we come to distrust our own motivations, then the future is indeed bleak. As Abraham Lincoln once said:

> Our defense is in the preservation of the spirit which prizes liberty as the heritage of all men in all lands everywhere. Destroy this spirit and you have implanted the seeds of despotism around your own doors.

Social Progress Versus Defense

There is a third danger to democracy. We are debating today how to prevent the Soviet military buildup from upsetting the balance of power. It is agreed by all knowledgeable students that our margin of safety has narrowed. But the democracies are torn by the argument that our security will actually be compromised by greater defense efforts. We are told that the resources required for defense will come at the expense of social peace. A dollar more for the military, so goes the argument in my own country as well as here in Europe, is a dollar less for welfare, for health, and for other necessary social benefits.

Where are the demonstrations against these outrages?

We have heard this reasoning before. Its premise is a lack of confidence that a democratic society can provide for both social progress and an adequate defense. Yet the democracies have proven time and time again since the Second World War that they can achieve these objectives. The West has been able to defend itself. And behind that shield, we have registered extraordinary social progress. Clearly, the two are complementary. If we are not prepared to defend ourselves, then we shall lose the chance to reform our societies, and if we are not prepared to seek social justice, then we shall lose the will—and the reason—to defend ourselves. Austere economic conditions will make our task unusually difficult over the next few years. Nevertheless, we dare not cast aside the lessons of history.

I cannot, here today, ignore the question of a realistic approach to arms control. I have said elsewhere that the purpose of arms control must be to reduce the risks of war. But arms control does not proceed in a vacuum. It is part and parcel of a coherent allied security policy. That policy stresses the essential role of balance in the military field as the very basis for successful arms control. NATO's 1979 two-track decision on theater nuclear forces reflects this philosophy. The Soviet SS-20s, as [West German] Chancellor Schmidt has pointed out, were a Soviet initiative. They are being deployed steadily. They cannot be wished away. Nor can a reduction in the threat be negotiated if we lack the determination to deny Soviet supremacy. The commencement of formal talks on this issue will be high on the agenda of my meeting with Soviet Foreign Minister Gromyko later this month. These talks can succeed only if NATO proceeds with its plans to modernize its theater nuclear forces.

The willingness to defend our values remains their essential guarantee. Surely these are things worth fighting for. The idea of a man as a creative and free individual is worth a fight.

Future of the Democratic Revolution

We have recently observed the 20th anniversary of the Berlin Wall and the 10th anniversary of the signing of the Quadripartite Agreement on Berlin. The progress achieved in the decade between these two events was made possible by Western determination to maintain the security and the freedom of the city, while at the same time seeking practical improvements in the lives of its inhabitants.

The Quadripartite Agreement is a reminder of what East and West can achieve by negotiation. And it is a reminder to us that such success can only be achieved by Western perseverance and unity. The unity of the Western allies, the Federal Republic of Germany, and the Berliners themselves, has been one of the major reasons for the continued freedom and prosperity of Berlin over the past 35 years. Americans are proud of their role in maintaining the freedom of Berlin and in protecting stability in and around the city. Our commitment in Berlin remains one of the cornerstones of American engagement in Europe.

It has been said before that free Berlin is an island of liberty in a sea of totalitarianism. Here there is a free press; on the other side of that hideous wall there is none. Here there is freedom of speech; a few kilometers away there is none. In free Berlin, you elect those who are to govern; in East Berlin elections are a mockery. And here Berliners are free to assemble and to demonstrate on behalf of their beliefs; East Berliners could not conceive of such liberty.

It has not escaped my notice that my presence here today has brought into the streets West Berliners who think less well of me and my country than I would wish. In one sense I obviously regret those demonstrations. But in a far more important sense, we should all draw deep satisfaction from what they tell us about the strength of democracy and the commitment to democratic institutions in this part of Berlin. All the anguish, all the struggle, and all the determination that the allies, the Federal Republic of Germany, and West Berliners have expended over the years to keep this city free have been worth the price.

Many years ago Voltaire, in speaking of another revolution, said, "I disagree with what you say, but I will defend to the death your right to say it." On behalf of my country—and on behalf of the several hundreds of thousands of my countrymen serving in our armed forces in Europe—let me close by saying that even when we disagree with what you say, we are prepared to defend to the death your right to say it.

QUESTION-AND-ANSWER SESSION, WEST BERLIN, SEPT. 13, 1981[1]

Q. Egon Bahr, one of the leading social democratic figures, of the leading government party, has stated in connection with the production of nuclear neutron warheads, that the United States is treating the Federal Republic as a nuclear protectorate. I wonder how the President and you are reacting to such statements?

A. I don't make it a habit of visiting West Germany or West Berlin or any other of our allied countries and becoming engaged in a dialogue which would smack of criticism of internal political affairs. But I think it is important that I answer your question, at least to this degree: memories are short about the ERW [enhanced radiation weapon] antitank system. It is 40,000 Soviet tanks threatening West European partners, decided not to deploy the system and to produce its components.

After President Reagan assumed office, this production activity had reached a maturation point where it then became either fundamentally not cost-effective and thus, perhaps at great cost, to either keep the separated system or to bring them together with greater efficiency in the production schedule. President Reagan made that decision—a courageous one—and that decision was to proceed with the joining in the production process of the components which have been under production for a number of years. He has decided to stockpile those unified components in the United States. There has been no decision to make deployment, and, should there be such a decision, appropriate consultation will follow. I hope that the underpinnings of your question have been adequately answered while avoiding the pitfalls that your premises might have engendered.

Q. I have a question which refers to your skeptical description of our society as licentious and irrational and, perhaps after you saw the demonstration, as underestimating Communist aggression. My question is: Is it in your opinion licentious and irrational for a nation which during this century was frightfully drained in two wars, and which is still being penalized by the division of the country, to be very actively and seriously for peace and for the prevention of fratricide?

A. Thank you very much for a very thoughtful question. Be assured that I do not come here to West Berlin as a pedantic articulate of a single American view but, rather I hope, as an objective observer of a number of trends. The objective that you and I share in common, I think, is a universal objective to all Western nations which participated in the great Holocaust and the tragedy that your question describes, which sacrificed and which have sacrificed repeatedly even since the conflict to protect the right, the privileges, and the individual liberties of our people, sometimes with prudence and vision, sometimes perhaps with something less.

The real question at hand here is are we pursuing policies which are going to effectively prevent the tragic outcome that you describe, or can we mislead ourselves, as we have in the past, by registering misleading signals to those who would breach the peace? Here is perhaps where you and I part ways. It's my view that the best prevention of miscalculations on the part of Eastern leaders in Moscow is their assessment of our firm determination and our credible abilities to defend the rights which you and I so cherish, and that when we mislead them, either by our own internal rhetoric or disunity or confusion, we are most likely, not less, to bring about the very outcome you and I seek to prevent.

Q. In light of the discrepancies which have come to light during the last few months between the Federal Republic and the United States of America, what are the main themes of your discussions you will have in Bonn?

A. As an individual who has served here in Europe as a NATO commander and, therefore, with ecumenical attributes, I could think back over the last 5 years, and I suppose there is nothing unusual about the level of disagreement. I made the comment early last year, this year, that if I were to make a prediction as to what would be the greatest area of potential difficulty in the Western world at large and in the transatlantic sense in particular, it would have been the growing consequences of our economic dilemmas, and clearly, that has proven to be the case. And it should be no surprise.

I don't think it's unusual that in times of economic difficulty, we would be looking one to the other for relief and there is no question that the U.S. behemoth—the economic behemoth—its policies and its travails—are immediately transmitted in this global area of in-

NATO and Nuclear Deterrence

by Richard Burt

Address before the Arms Control Association Conference in Brussels on September 23, 1981. Mr. Burt is Director of the Bureau of Politico-Military Affairs.

NATO's decision of December 1979 to deploy long-range cruise and ballistic missiles in Europe and to pursue an arms control negotiation with the U.S.S.R. concerning theater nuclear forces (TNF) have stimulated a debate which now transcends the military and political rationale upon which that decision was based. At issue are not comparative range, accuracy, and mobility of U.S. and Soviet systems; the proper components of a Eurostrategic balance; or the comparative advantage of sea-, air-, or land-based systems. Today many who challenge the decision of December 1979 do so not on the grounds that there are better means of linking the U.S. strategic deterrent to Europe, but because they believe that Europe's security should not depend upon nuclear deterrence of any type. To such fundamental objections, it avails little to argue the merits of ground-launched cruise missiles over sea- and air-launched cruise missiles or to explain why it makes sense to replace the Pershing I with the Pershing II. To counter such objections, one must begin with a vision of Europe and of Europe's place in the world.

The View from Moscow

The Soviet Union sees Western Europe as an appendage of the two superpowers. Europe is relegated to a second-class status, its security a dependent function of the Soviet Union's. East Europeans may be forced to accept such discrimination, but certainly we in the West are not.

This anti-European vision of Europe is expressed in myraid ways. Soviet commentators tell us that the new U.S. Pershing missile represents an unacceptable threat to the Soviet Union because it would provide the Soviet Union only a 5-minute warning of an attack. Yet what warning time of a comparable Soviet nuclear attack does Western Europe have? Thirty seconds, perhaps.

The same sort of patronizing attitude is inherent in the Soviet concept of "forward-based systems." Somehow this term, even in Western parlance, refers only to American forces. It is never taken to mean Soviet missile and air forces massed in East Germany, Poland, Hungary, or Czechoslovakia, which threaten Western Europe. In other words, the American military presence in Western Europe is depicted as an unnatural, historical aberration while the Soviet military hegemony over Eastern Europe and its preoccupation with West European security policies is viewed as a natural Soviet right.

The Soviet Union thus presumes that Western Europe should have more sympathy for problems of Soviet security than the Soviet Union does for that of Western Europe. And, remarkably, often we do on this side of the Atlantic and on mine, for frequently we do not dismiss these self-serving Soviet propositions with the derision they deserve. On the contrary, we elevate them to the status of intellectually respectable arguments and give them serious consideration in our domestic debates.

That the Soviet Union should put forward such propositions is evidence of how the Soviet Union treats its allies, and how it thinks about Western Europe. That anyone in the West finds merit in them is evidence that the Soviets have begun to affect how we think of ourselves.

Nothing more graphically illustrates the Soviet Union's vision of Europe than their position on theater nuclear arms control. For a decade the Soviet Union insisted that U.S. forces in Western Europe should be counted in SALT [Strategic Arms Limitation Talks], but not Soviet forces in Eastern Europe. Only when confronted by the alliance's LRTNF [long-range theater nuclear forces] decision of 1979 were the Soviets forced by NATO's cohesion and resolve to fall back from this position, simply to adopt a new series of equally patronizing proposals.

In 1979 the Soviets claimed a nuclear balance existed in Europe. But they kept deploying SS-20 missiles targeted against Western Europe. In 1980 the Soviets again said a balance existed and offered a moratorium on new missiles. But they kept deploying SS-20s. In 1981 the Soviets once again claim a balance exists. They again offer a moratorium. But they still keep deploying SS-20s.

If any one of these Soviet statements regarding an existing balance were correct, the other two would, by definition, have to be wrong, for the West has deployed no new missiles since 1979, while the Soviets have during this same period deployed over 500 SS-20 warheads, not to speak of significant numbers of other new missile and nuclear-capable aircraft now targeted on Europe.

In fact, none of the three Soviet claims was true. Few in the West have ever thought they were. The Soviet technique in this instance is, however, more subtle than just their traditional resort to disinformation and deception, for in offering a moratorium at widely disparate levels, the Soviet Union is really asserting that it has a right to nuclear as well as conventional superiority in Europe. The Soviet Union is insisting that Western Europe does not have a right to call upon American strength to counterbalance Soviet power and geographical advantage. This is the message behind the moratorium. Like other forms of subliminal advertising, it takes root slowly and imperceptibly.

More remarkably yet, the Soviet Union has attempted to attribute to the United States a view of Europe which is its own. The Soviet Union, in training, in doctrine, and in the structure of its forces, is prepared to fight a nuclear war in Europe. I am not suggesting that the Soviets intend to provoke a war. But if a war comes, the Soviets are ready to escalate rapidly to the nuclear level. They have trained and equipped their forces to prevail in such an environment. And they have structured and positioned their forces to limit the conflict to territory outside the U.S.S.R.

The United States, on the other hand, has for 30 years linked its fate with that of its European allies. In 1979 the United States responded positively to the desire of those allies to have deployed in Europe new systems, which could reach deep into the Soviet Union, to demonstrate that it could not devastate Europe from a Russian sanctuary—that any war in Europe would result in unacceptable damage to the U.S.S.R.

The United States took this step in the full knowledge that the Soviet Union would most likely respond to an attack on its homeland by U.S. systems in Europe with an attack on the United

States. Thus the emplacement of long-range U.S. cruise and ballistic missiles in Europe makes escalation of any nuclear war in Europe to involve an intercontinental exchange more likely, not less. This is why our allies asked for such a deployment. This is why the United States accepted. This is why the deployment strengthens deterrence.

Nevertheless, the LRTNF decision is one of the most controversial security issues to have gripped the nations of the alliance. On reflection, this should not be surprising: Nuclear weapons raise profound moral, political, and strategic problems that must concern thoughtful people in healthy democracies. But in my view the LRTNF debate also clearly demonstrates that we in the West are in danger of losing sight of our vision—the Western vision—of European security. Governments on both sides of the Atlantic have not sufficiently explained to new generations of Americans and Europeans how the Atlantic alliance continues to offer a vision of Europe consistent with its security needs and its political values.

The Atlantic Vision

Throughout modern history, Europe has been the battleground where mankind's most intense, extended, and destructive conflicts have been waged. Twice in this century, war has devastated the continent, leaving 50 million Europeans dead. Yet since 1945, despite the proximity of a heavily armed hostile power, Europe has enjoyed a period of peace and prosperity unparalleled in the experience of mankind. How was peace secured? How has it been maintained?

By the middle of the 20th century the ever-quickening pace of European warfare was brought to a halt by two innovations in Western strategic thought—collective defense and nuclear deterrence. In those early postwar years, the nations of Western Europe, along with the United States and Canada, formed an alliance based upon the principle that a threat to one was a threat to all. The objective of their alliance was purely defensive. Their strategy was one of deterrence. These nations sought to work together to minimize the risk of war by maximizing the risk to any potential aggressor of engaging in war. In particular, the United States, the strongest member of the new alliance, proclaimed that it would regard an attack on its European allies as an attack on itself and committed its full military power to deter such an attack. This commitment remains today the foundation of American defense and foreign policy and the cornerstone of European security.

NATO's Three Pillars

NATO is an alliance of nations separated by 3,000 miles of ocean. The geopolitical situation of each ally is in some way unique; the threat it faces in some way different. Adversary forces are deployed throughout an area bordering directly on NATO's most populous, developed, and vulnerable regions. Geography thus provides the Warsaw Pact significant advantages. The Soviet Union can project military force in central Europe more easily and more quickly than can the United States. In consequence, it has been difficult for NATO—throughout its history—to provide a major conventional force sufficient in itself to insure its defense.

In order to defend this wide expanse of territory and to deter aggression against it at any point, NATO has come to rely on strategy based upon three interrelated types of forces. At one end of the spectrum are NATO's conventional forces. The role of these forces is to meet any aggression at the level it occurs, and, if possible, to force the enemy to cease his aggression and withdraw. At the other end of the spectrum are America's intercontinental-range nuclear forces, which represent the ultimate guarantee of Western security. Between the two are the alliance's nuclear weapons deployed in Europe, which link NATO's conventional forces and intercontinental-range systems based on U.S. soil. The presence of these nuclear systems in Europe insures that the deterrent value of America's strategic forces fully underwrite the defense of Europe. They underscore to a potential aggressor that there are no circumstances in which it could gain a victory over NATO's conventional forces without running the risk of nuclear escalation.

The development of this strategy was not without difficulty for the alliance. In the 1950s, with the nightmare of the 1939–45 war fresh in people's minds, there was less concern about lowering the nuclear threshold and a greater willingness to accept the risk of a nuclear exchange in order to keep the conventional threshold as high as possible. Thus early attempts to bolster conventional defense in Europe met with resistance from those who feared that those efforts meant that the United States no longer wished to shoulder the responsibilities of the nuclear umbrella. As Soviet nuclear capabilities grew, however, concern shifted to also encompass the now more familiar worry that moves to strengthen NATO's theater nuclear capabilities have, as their ulterior motive, the confinement of any nuclear weapon to European territory.

These conflicting concerns led to the development in the early 1960s of NATO's strategy of flexible response. This strategy tied U.S. strategic forces firmly into a "seamless web" of conventional, theater nuclear, and strategic nuclear forces. The concept which underlies the strategy of flexible response is that neither Western Europe nor the United States must bear all the burdens or run all the risks of deterring war—everyone must do their part. The purpose of building up conventional and nuclear forces in Europe in the 1960s was not to supplant the deterrent role of U.S. strategic forces but to make their use in major conflict appear more credible, thus enhancing overall deterrence.

But NATO's flexible response strategy was challenged, at its inception, when the Soviet Union in the early 1960s began to deploy large numbers of intermediate-range ballistic missiles (IRBMs)—SS-4s and SS-5s—as well as a formidable force of frontal aviation, all of which was designed to target Western Europe. The motivation for this Soviet buildup was almost certainly political as well as military. Just as NATO theater nuclear systems were designed to link Europe more closely with America's strategic arsenal, so Soviet systems targeted upon Europe were meant to break that link, to isolate Europe, to threaten it from a Russian sanctuary which Europe could not in turn put at risk, and so to hold Europe a nuclear hostage.

The expansion of the Soviet IRBM force, coupled with Moscow's advantage in conventional forces, brought to reality a prospect which Europe had long faced—the possibility that a nuclear conflict might be limited to Europe. For over a decade, however, this threat was successfully met, not by an expansion of U.S. nuclear forces in Europe, but by an increase in the U.S. strategic arsenal in the 1960s along with the development of British and French nuclear systems. During this period, and into the 1970s, American strategic superiority provided the margin of security which permitted shortfalls in other areas of NATO's force structure.

A. Now, first, let's be sure we understand what I said and what I meant by external vetoes. In the first place, it is true that the leadership of Israel is concerned about this sale. And we understand that. And they have a perfect right, in fact they have an obligation, to express those concerns and to do it at home and to do it here. American citizens have a right to object to this sale if they feel on substantive grounds it is incorrect.

The basic issue here is, the American Administration—and I must add, two Administrations, essentially—have concluded that the overall, broad American interests in the Middle East, the continuation of a peace process that is going to require, in fact demand, risk taking on all parts—my golly, Camp David, itself, was an assumption of risks by both Israel and Egypt that brought about the breakthrough—and there are risks involved in this particular sale, and there will be, indeed, risks in the peacemaking process.

The issue is, the United States must make these judgments. It bears the responsibility for a broader set of considerations, than does the Government of Israel. We must follow through.

Q. On the flight home from Europe, you indicated that if this deal were defeated it would have serious implications on future U.S. Mideast policy. Does that mean that if the United States cannot establish a military presence in Saudi Arabia through this deal, which seems to be at least part of the reason for it, that it might render moot the whole idea of closer strategic ties with Israel?

A. No. That's not the issue. The issue here is the participation, the good will of Saudi Arabia in the peacekeeping process from this point on is an absolute essential for success. We've seen what Saudi Arabia has contributed in the recent Lebanon crisis, not once, but in both crises that we witnessed this past spring and summer. And we need that kind of cooperation and those resources, that leadership, that diplomacy, that the Saudi Government has provided. If this sale were to fall through, certainly that kind of cooperation and confidence would be jeopardized.

Q. One more question on the Middle East. Do you have any indication as to who was behind the recent bombings in Lebanon which seem to be taking a terrible toll at this point?

A. No, we do not. We have watched this very carefully. There are splinter groups in the Palestinian movement, the PLO [Palestine Liberation Organization]. There are some who are responsive to Libya, to Syria, and to the Soviet Union. And it has been basically a Libyan role in this whole peacekeeping process to be a spoiler. So one must take that into consideration. On the other hand, there are Christian elements that are equally concerned about the internal situation.

Q. I want to take you back to the AWACS, not because of itself, but it tells you a lot about how this Administration has been conducting its foreign policy. The Carter Administration looked with favor—those were the words that Secretary Brown used in his letter to Prince Sultan, the Defense Minister of Saudi Arabia.

Earlier this year, you were having your battles with Senator Helms and other jurisdictional battles, the Defense Department, the Secretary of Defense, and the Joint Chiefs of Staff Chairman, General Jones, were running away with this while the State Department wasn't even out of the box. And now you have come to a point where the President risks a grave defeat and a blow to his prestige. Now, how did this happen? Where was the State Department throughout all this?

A. I don't think that is correct. We certainly were out of the box. This is an issue which the previous Administration had been wrestling with and not too differently than we have. As a matter of fact, in December, before the new Administration inauguration, the previous Administration had suggested to us that they were prepared to move forward with the package. Now, not in the same context that we had. They were going to go forward with the augmentation of the F-15 capabilities and commit to additional studies to develop an aerial surveillance capability.

A lot of that had already, as you pointed out, at military levels brought forward a growing consensus that AWACS was the right system. Now, we asked the previous Administration not to go forward. We felt that if we were going to have to see this controversial issue through—and it had been controversial earlier—then we had the responsibility, and I think the obligation, to take the onus for putting it forward.

And it was in that context that we recommended going slowly on the AWACS portion of it. And we have done that. We've been involved in extensive discussions with Saudi Arabia, and we have concluded them, and we feel that the conditions that they have agreed to—the transfer arrangements, if you will—meet the objective, balanced concerns of so many of the critics. And it is our hope that they will listen to these arrangements. And I think their concerns will be satisfactorily met.

Q. You must admit that after Thursday, and the introduction of the Packwood resolution with 50 signatures, and Senator Packwood says he has six more, and with Senator Glenn who says he approves the F-15 part but not the AWACS sale, that's 57, you are between the rock and the hard place. Is there no compromise?

A. I know that gives a certain thrill to this from the standpoint of Washington press analyses, and to that degree it is so. But let me tell you, that list that Senator Packwood has put forward is also replete with soft spots. I could name for you today a dozen Senators—

Q. Please do it today.

A. —who have already conveyed that their assent to that letter is soft, and they are ready to reconsider and to objectively look at what we have to offer. I'm not going to put the names forward at this point.

Q. Once men and women put their names to a document of this gravity, is not it very difficult to get them to remove their names? And what is your pressure going to be?

A. It's not a question of pressure. It's a question of objective analysis by honest men who want to do what is right for their country, for the American people, and for our foreign policy. And it is our view that when they hear the Administration's case, and only some 16 of them have now done so, we'll have 50 completed by the end of this month. Why I am very, very confident that a number of these men, who put their name on an expression of concern—not a vote—will reconsider and join the President in this important initiative.

Q. Do you want a vote before the President meets Prince Fahd, [Deputy Prime Minister] of the Saudi Government in Cancun in October, on October 22d?

A. This vote could come forward after that time, with the 20-, 30-day notification provision, or it could be taken well before that, if that's the will of the Senate and the House. We would hope to get this behind us as soon as possible, just as a matter of principle.

Q. This past week American analysts were saying that the latest Soviet message to Poland was ominous, that it seemed to be designed to set Pole against Pole, perhaps as a pretext for getting the Soviets to go in to restore order. What is your view of that particular analysis?

A. I think, clearly, and we made our view rather sharply 2 days ago, is that there are interventionist implications in the Soviet note, and we don't welcome it. On the other hand, it is also not a blatant threat of the kind some might be even more fearful of.

It is true that the situation in Poland today has now pitted the political authorities against the Solidarity movement. In that sense, the tensions have changed somewhat, from Solidarity to Soviet pressure, externally. Now, all of these things are in a state of transition. And we continue to insist—as I will when I meet [Soviet] Foreign Minister Gromyko this coming week in New York—that we anticipate and expect and insist that there not be any Soviet interventionism in Poland, that the Polish people have a right to work out their differences. We think they can do so, the government versus the union movement, Solidarity.

Q. There are reports that following the recent Soviet maneuvers in the Baltic that many of the soldiers and equipment remain. Just how ready are the Russians to invade if they decided to do so?

A. We don't see signs of intense preparations as we have on two previous occasions. On the other hand, the exercise, which included some 100,000 in the Byelorussian area of Russia adjacent to the Polish border and along the sea lines, coastal areas—the troops have gone back to garrison, essentially, but many of the communications and the command and control facilities for that exercise remain in place and it will be somewhat later before they go back. And I suppose there are some political connotations to that.

Q. In December of 1980, the NATO countries agreed on a number of measures they would take if Poland were to be invaded. Are those still in place and are we still ready to react very strongly in the event of an invasion?

A. Absolutely. And I want to emphasize that the coordination and cooperation within the NATO framework and in other related frameworks has been consistent and steady and it has followed each upturn and downturn of tension very, very closely. And it has this past week.

Q. Would you negotiate, for example, the reduction of weapons in Europe if the Russians were to invade?

A. We have made it clear that Soviet interventionism in Poland would have a profound impact on any prospects for arms control negotiations with the Soviets.

Q. Following up on arms control, you and Foreign Minister Gromyko are going to be playing in New York this week to principally one audience, Western Europe. The Soviets are trying to continue to portray the idea they want to negotiate. And the United States is trying to portray, not just to domestic critics at home but to its European allies, it wants to negotiate while it goes ahead with plans to install this new generation of Pershing and cruise missiles in Western Europe. The Carter Administration came up with this plan. The Europeans bought it. And there weren't the outcries, political outcries, then that there are now. Is this occasioned by the fact that this Administration seems, rightly or wrongly, to give the impression it is not willing to negotiate with the Soviet Union?

A. No. I don't think that's the case. I would say that there has been a growing concern in Western Europe about all matters nuclear, and that's a change, if you will, in the atmosphere in Western Europe itself.

Secondly, it goes without saying that this Administration has taken a far more rigorous stance against Soviet interventionism worldwide then did its predecessor. We have also taken a stronger stance with respect to American defense needs. It is understandable that our Western European partners, who have been hearing 10 years of one set of American rhetoric, are affected by our new posture.

But I can assure you, my discussions with European leaders—and I mean each and every one of these leaders that I have had the opportunity to meet with—are very, very encouraging with respect to what we are doing and the way we are doing it. They are, at the same time, nervous about the lack of progress on arms control, per se, and they hope to see some progress in the period ahead. We hope for the same thing.

Q. What is the bait you are going to offer the Soviet Union? After all, this comes at a time when their economy is under terrible stress, even worse than in the past, though they have admitted that, if they have to, they will keep up with the arms race. But what is the U.S. bait to them on the placement of this new generation of missiles, vis-a-vis the placement already in place of the SS-20s that the Soviet Union has aimed at Western Europe? What's the offer? What's the *quid pro quo*?

A. I wouldn't presume to go into the details of the American and, indeed, Western negotiating position because we have coordinated our positions very, very carefully with our European partners and will continue to do so. We haven't completed, incidentally, putting our final opening position together in that respect.

But it isn't a question of a bait or a deal. It's a question of mutual interest on the part of both sides, the Soviet Union and the American side, to arrive at just, verifiable, equitable arrangements which will take the burden of armaments off the shoulders of our peoples.

Now, this remains the basic approach to sound arms control. And the enhancement of the American people's security must be the fundamental premise of the American approach. That means we must not, as frequently as has been the case in the past, arrive at agreements that open up channels for future growth in armaments but rather to seek genuine reductions, as President Reagan has so repeatedly stated as his objective.

Q. A week ago today you were in West Berlin, and many thousands of people were on the streets demonstrating against U.S. policy. The Europeans generally do not seem to feel that this Administration is actually serious about arms control reductions. And among other things, they point to the men who have been appointed to negotiate these reductions—General [Edward] Rowney for SALT, Mr. [Paul] Nitze for the theater negotiations. How can you reassure the Europeans that this Administration is really serious?

The U.S. portion of this initiative will focus in large part on enhancing the role of the private sector in these economies. Growth of a modern, efficient private sector is imperative to create productive employment in the region and to generate exports which earn foreign exchange. We have no preconceived blueprint for determining the actions, joint and separate, which should be taken to increase regional productive capacity and achieve needed economic revitalization.

We are now engaged in a series of consultations with basin countries and other potential participants, especially Mexico and Canada, to determine those trade, aid, and investment measures which will help to reach our long-term goal of increased economic prosperity for the region. We intend to take these measures, in combination with the efforts of the regional governments themselves, to reduce internal constraints to economic growth.

Conclusion

To conclude, I would make four quick points.

First, we do not have the luxury of rewriting history or rearranging geography. The United States, Canada, and Mexico have an inescapable and intimate relationship in which governments are only the tip of the iceberg.

Second, we are three vibrant, vital democracies pursuing individual identities, goals, and objectives. We must recognize the basic interdependence of the North American community. And we must handle the inevitable problems with mutual respect for each other and for international rules.

Third, in our dealing with one another, we cannot escape the fact that rigidity is a prime factor in breakage. A giant bridge appears from a distance to be fixed and motionless, while in fact it sways ever so slightly in the wind, accommodating the pressures of changing directions while accomplishing its task. So we must be flexible in our dealings with our neighbors—never sacrificing our own obligation, while respecting the values and goals of the other.

Fourth, I feel obliged to note that small irritants can become serious problems. And serious problems can fundamentally threaten our common objectives in this North American community. At the moment, sentiment is strong in favor of countermeasures against Canadian energy and investment policies. The dangers are real. As I outlined at the beginning of my remarks, President Reagan is committed to a U.S. posture which attaches a high priority to good relations with both Canada and Mexico. To succeed, that commitment must be a three-way street. ■

New Challenges in International Investment

by Robert D. Hormats

Address before the plenary session of the Economic Policy Council of the U.N. Association on September 18, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.

This evening I would like to discuss, in general, international investment issues and describe, in particular, two major challenges before us in the 1980s. The first challenge relates to the need to establish new international understandings to avoid short-term nationalistic approaches to investment. We risk today in the international investment area a deterioration in the climate similar to that experienced in the world trading arena in the 1930s. During that period, countries adopted nationalistic trading policies based on short-term economic perspectives. The economic and political costs have been well-documented in history. Following World War II, nations have made a major effort to avoid narrowly nationalistic trade policies. We have made considerable progress in developing an international framework for trade matters. Although we still have some distance to go, the direction and emphasis of our effort is correct.

In the investment area, however, no comparable framework has emerged, and there is a tendency on the part of developed and developing nations alike to move in the wrong direction—to increase intervention in the investment area to accomplish short-term objectives. This can only come at the expense of broader long-term interests. A major goal of the 1980s must be to reverse this trend through international understandings and rules leading to a more open and less interventionist investment climate.

The second challenge is to create, through cooperation among developed and developing nations, an international environment in which investment can make a greater contribution to the development process. Investment can be a powerful impetus to development and is particularly important at a time of tight aid budgets. The developing countries themselves have a major responsibility to improve their investment climates through respect for international laws and norms. And the international community can play a helpful role in facilitating investment to those countries which offer an attractive investment climate. The overall world economy can benefit as a result.

International Investment Climate

International investment capital was readily available until the mid-1970s, and foreign direct investment activities—except for several major expropriation cases early in the decade—proceeded at a healthy pace. Since the mid-1970s, there have been important changes in international trends and forms of investment. The pace of international direct investment flows has slowed, particularly to many developing countries, and the 1980s are likely to be a time of capital scarcity and competition for foreign investment. It also appears that what capital is available will be more expensive than we were accustomed to in the 1970s. Increasingly, many countries are turning to investment incentives to attract foreign investment in specific industries. A number are also utilizing performance requirements to boost exports or increase local content. In addition, the recent increase in foreign investment in the United States, coupled with instances of discrimination against U.S. investment abroad, is generating concerns which are increasing pressures for more restrictive U.S. policies on inward investment. We need to deal with these issues in ways which maintain and expand the fundamentally open international investment system so necessary for global economic efficiency.

Investment Flows

A brief review of international investment trends will help to put these issues in perspective. Although foreign investment has played an important role in the international economy since the last half of the 19th century, most was in fixed-interest portfolio investments until the 1920s. After World War II, the global economic climate improved dramatically and generated an upsurge in private direct investment. U.S. private investment in Europe increased markedly and was a key element in Europe's recovery. U.S. investment in some developing countries also expanded and played a significant role in the economic growth of many of those countries. The benefits of increased direct investment flows were and continue to be: additional employment, additional capital to expand plant capacity or create new facilities, transfers of new and improved technology and management skills, increased production, and greater competition.

The period from the early 1960s to the mid-1970s witnessed a rapid development of international direct investment both in absolute terms and relative to the growth of other economic aggregates such as trade, domestic investment, and gross national product (GNP). The United States remained the principal country of origin, although some European countries began to be more active as direct foreign investors.

International direct investment was heavily oriented toward developing natural resources at the outset of this period. However, direct investment in manufacturing sectors developed considerably as the period progressed. Over the 1960–73 period, the average annual growth rate of total outward international direct investment flows from the 13 largest OECD [Organization for Economic Cooperation and Development] countries was over 12% a year. This figure was approximately 1½ times the average growth of OECD gross domestic product and practically the same as the growth of international trade (14%).

This period also witnessed the rapid growth of multinational enterprises with extensive international operations. These enterprises have developed highly sophisticated production techniques and investor-supplier arrangements. Often, each subsidiary or subcontractor specializes in the production of a particular product or component. Product lines in the so-called world industries, such as the "world cars," often result from coordinated production activities in a number of countries.

U.S. direct investment abroad grew from $11.8 billion at year-end 1950 to some $140 billion by the mid-1970s, and $213 billion by year-end 1980. Most of this increase was channeled to the developed countries which, by the mid-1970s, accounted for some 70% of the total, compared with less than 50% in 1950. There are two primary reasons for this trend. Investors were attracted by the relatively stable, hospitable investment climates in the developed countries, particularly the virtual absence of risk to investment due to political turmoil. In addition, the generally booming economies of the developed countries offered the prospect of higher profitability for investments in those countries than in the developing countries.

The period since the mid-1970s stands in quite sharp contrast with the period which preceded it in a number of important aspects.

A slowdown in the real growth of direct investment flows has occurred. Using only capital flows as a measure, the average annual growth rate of outward direct investment from the 13 largest OECD countries in the period 1974–79 was slightly less than the 1960–73 period (11.9% versus 12.6%). Considering the markedly higher rates of inflation during the most recent period, there has been a sharp deceleration in real terms. It is noteworthy, however, that international direct investment has remained more buoyant than domestic investment, thus suggesting that multinational enterprises may have been better able to adapt to new and less favorable economic circumstances. This could be due to wider ranging operations and product lines of the multinational enterprises, which may enable them more easily to redirect their activities away from unprofitable ventures to more profitable activities. In addition, they probably have better access to the financial and research and development resources needed to remain competitive during periods of economic turbulence.

There has been an increase in the foreign share of international direct investment. While U.S. direct investment abroad still predominates, its share of total investment flows from OECD countries has fallen. As a percentage of outward direct investment of the 13 largest OECD countries, the U.S. share has decreased from a peak of approximately 60% in the mid-1960s to about 35% in the late 1970s.

Particularly noteworthy is the change in U.S.-Economic Community (EC) investment patterns. During the 1950s and 1960s, European integration and an inceasingly overvalued dollar toward the latter part of the period induced considerable U.S. investment in Europe. At the end of the 1970s, the inducement effect of European integration wore off, and a decline in the value of the dollar caused a reversal of the trend.

More broadly, both Europe and Japan gradually shifted from postwar reconstruction to a more active role in the international economy. With this came increased foreign investment. Overall, West Germany's share of OECD direct investment flows grew from 7.2% during the 1961–67 period to 17% during the 1974–79 period. Japan's share grew from 2.4% to 13.0%, including extensive manufacturing investments in the Pacific basin, and France's share expanded from 6.9% to 7.8%.

There recently has been a sharpening of differences in the ability of developing nations to attract investment. Taken together, the average annual growth rate of international direct investment flows from the 14 major members of the OECD's Development Assistance Committee to developing countries has increased over the last few years in current and real terms. Furthermore, the total share of developing countries as host countries for the foreign direct investment of almost all major investing countries has increased since 1974, thus reversing the generally declining trend of earlier periods. But this investment has been concentrated heavily in a few economies—in particular, in the Republic of Korea, Taiwan, Singapore, Hong Kong, and Brazil, which have emphasized exported growth. Such investment has played a major role in the rapid growth of manufacturing in these economies.

In contrast to the experience of these countries, international direct investment has tended to stagnate in other developing countries, with the exception of the oil-producing countries. It mainly in Sri Lanka by beating the husks of ripe coconuts, and white coir, produced mainly in India from the husks of green coconuts allowed to ret (soak) in salt water. All of the hard fibers are relatively labor-intensive, and working conditions in these industries are disagreeable (especially for coir). However, hard fiber production is often politically important in producing countries, because it typically provides a major source of employment in otherwise barren regions.

The producers of the hard fibers probably were included in the UNCTAD IV list on the basis of their generally low position on the world economic ladder. The hard fibers face stiff competition from synthetics, however, and there is little likelihood that real prices could be significantly increased without substantial losses in sales volume. Recent UNCTAD efforts have focused on finding new uses for hard fibers.

Tin

Almost half of the world's mine output of tin comes from Southeast Asia (mainly Malaysia, Thailand, and Indonesia), with Bolivia, the U.S.S.R., China, Australia, and Brazil accounting for most of the remainder. The United States is the largest consumer (about 25% of the world's total consumption), followed by Japan, West Germany, and the United Kingdom. The main end uses for tin are in tin plate (primarily for food and beverage containers), solders, and bronze.

World tin consumption in the post-World War II period has grown more slowly than use of most other metals (i.e., at 1.7% per annum from 1955 to 1974, compared with 4.8% for copper, 8.3% for aluminum, and 4.6% for zinc). The main reason for this slow growth has been the increasing substitution of tin-free steel and aluminum in can manufacturing and the growing use of nonmetal containers. Technical innovations have also produced thinner tin coatings, reducing the quantity of tin needed per can.

Tin consumption usually responds quickly to changes in income or economic activity, but adjustments in mine output are costly and time consuming. Efforts to stabilize the resulting price fluctuations date back to 1921, when the colonial governments of the Federated Malay States and the Dutch East Indies agreed to voluntary production controls.

The first International Tin Agreement, which included both producer and consumer nations, was ratified in 1956 and was subsequently renewed in 1961, 1966, 1971, and 1976. The present agreement was scheduled to expire in June 1981 but was recently extended through June 1982 to allow more time for negotiating a sixth agreement. The agreement uses both a buffer stock and export controls in its efforts to stabilize prices between preset ceiling and floor levels.

Although the International Tin Agreement is frequently cited as the most successful example of an international commodity agreement, its record is a mixed one. Because of the small size of the tin buffer stock (25,000 metric tons under the first agreement, 20,000 under the following three agreements, and up to 40,000 under the present one) relative to world tin consumption of about 200,000 tons annually, the International Tin Council which administers the agreement has been considerably more successful in defending floor prices than ceiling prices. The International Tin Council imposed export controls in 1958-60,1968-69, 1973, and 1975-76. Market prices fell below the council floor only once (for 2 weeks in 1958), but they broke through the ceiling in 1961, 1964-65, 1966, 1973-74, and 1976. Prices remained above the ceiling from January 1977 to October 1980. (The buffer stock has been depleted since January 1977.)

The United States did not join the International Tin Agreement until 1976, but sales of tin from the U.S. stockpile had a moderating effect on prices after they rose especially far above the International Tin Council ceiling during 1963-66 and 1973-74. The U.S. stockpile currently totals about 200,000 tons, which is well above the official stockpile requirements of 42,000 tons. The United States joined the fifth International Tin Agreement in 1976 primarily for foreign policy reasons.

Copper

Copper is one of the major commodities in world trade, with more than $6 billion worth traded in 1978. The United States is the largest producer (18% of the world's total in 1978), followed by Chile (14%), the U.S.S.R. (12%), Canada (9%), Zambia (9%), Zaire (6%), and Peru (5%). The United States is also the world's largest consumer.

Because of its superior electrical conductivity, malleability, and anticorrosion properties, copper is used in electrical wires and cables, plumbing tubes, and radiators. Copper is almost irreplaceable is some uses, but in others it faces competition from aluminum, plastics, steel, and glass fibers.

Four major copper-exporting countries—Chile, Zambia, Zaire, and Peru—created the Intergovernmental Council of Copper Exporting Countries in 1967 to prop up copper prices. Indonesia and Mauritania have since joined as full members, and Australia, Papua New Guinea, and Yugoslavia have become nonvoting associate members. The council's influence on the world copper market has been minor. Lack of success in sustaining a minimum price level has been due primarily to its limited control over world copper supplies and to the dependence of the member countries on copper revenues, which inhibits them from cutting back production significantly for extended periods.

Copper is, nevertheless, frequently cited as a candidate for international price stabilization, because it meets several basic requirements for a buffer stock arrangement: organized terminal markets which facilitate gaging price movements, a fairly standard and homogeneous product, the absence of storage problems, and a high value-to-volume ratio. The major copper-producing and consuming nations, including the United States, have held more than a dozen meetings since 1976 under UNCTAD auspices to consider possible ways to deal with instability in the copper market. The world copper market is so big that the cost of an effective buffer stock is estimated at almost $2 billion.

The United States is about 80% self-sufficient in copper, and U.S. economic interest in a copper agreement is low to negative. For foreign policy reasons, however, the United States has maintained a willingness to consider problems of the copper market in a multilateral, consumer/producer setting.

UNCTAD IV's REMAINING TARGET COMMODITIES

Bananas

Bananas earn more foreign exchange per acre than any other major crop. They are, however, highly perishable. Marketing requires careful coordination of production, shipping, and distribution—which explains the strong position of large, integrated fruit companies in the world banana economy. Bananas can be grown in virtually any high-rainfall area of the tropics. Yields are so high that only 200,000 hectares are needed to meet world import requirements. As a result, most of the world's bananas move to market under preferential quota systems. About 80% of world banana exports come from Latin America and the Caribbean. Most of the rest move from the Philippines to Japan in a trade flow that has developed within the last 15 years. World exports are expected to rise during the 1980s, especially for Somalian and Asian producers favorably located for the booming Middle Eastern markets. Central American exports will grow slowly. Integrated marketing requirements make it difficult to set broad banana-pricing arrangements.

Meat

In the mid-1970s beef production cycles peaked simultaneously in all major producing regions, bringing on a sharp drop in international prices. Developing country exports were hard hit by new trade barriers in Japan and the European Community (the Community was actually a net exporter in 1974–75). Since that time, production cycles have moved into the rebuilding phase with world supplies much smaller. Increases in domestic meat processing and consumption have reduced developing countries' dependence on exports of fresh meat. The Food and Agricultural Organization has issued guidelines for international cooperation in the livestock and meat sector, which call for nondiscriminatory import regulations under normal conditions and for preferential treatment of LDC exports when temporary trade restrictions are necessary. The world market for meat is strong enough that no commodity agreement seems likely. The inclusion of meat on the UNCTAD list was probably a response to the short-term problem which coincided with the UNCTAD thrust.

Tropical Hardwoods

Tropical hardwood timber ranks third among the non-oil foreign exchange earners for the LDCs. It is expected to be in short supply during the 1980s, with prices rising 30–40% and production extending to hitherto-untouched forests in Brazil, Papua New Guinea, and the central African interior. Recently, groups of exporting countries have moved to coordinate their policies and ship more of their exports in the form of sawed wood, veneers, and plywood. Producers and consumers have agreed that such measures as buffer stocks and supply management mechanisms are inappropriate and technically infeasible for directly stabilizing tropical timber markets and prices. Additional meetings have been scheduled to work toward an arrangement based on other measures, but the rapid rate of market growth appears to rule out a commodity agreement.

Vegetable Oils

Demand for fats and oils has been growing steadily with world population and per capita income. The supply of vegetable oils, produced from a wide variety of field and tree crops, varies widely from year to year. Vegetable oils compete directly with animal fats and oils. Production is relatively unresponsive to price stimuli, because such tree crops as coconuts and olives are harvested virtually regardless of price and because fats and oils from soybeans and livestock products are really byproducts. Fats and oils markets are so broadly competitive that a commodity agreement would be unlikely.

EVALUATION

Despite Third World countries' rapid growth in manufactured exports, commodity exports still account for more than half of the export earnings for the Third World countries which do not export oil. For some, returns from one to two commodities weigh heavily in the country's foreign-exchange receipts or budget. The prices for most of these commodities are historically volatile. In addition, commodity-exporting countries have perceived themselves at an increasing disadvantage in trading with manufacturing nations.

The LDCs at the UNCTAD IV session in 1976 put forward international commodity agreements as a means of stabilizing prices and LDC earnings from commodity exports. Implicit in the strategy, at least for some, was the idea that such agreements would also raise real returns for commodity exports, in effect transferring resources from rich commodity-importing nations to poor commodity-exporting nations. The UNCTAD resolution euphemistically expressed this as securing prices "remunerative and just to producers and equitable to consumers."

A weighted 30-year index of non-fuel commodity prices would indicate that, if there has been a discernible trend in volatile commodity prices, it has been downward. Moreover, the World Bank's projections indicate only a slight upward trend in real commodity prices over the next decade.

Price Volatility in Major Commodities

The prices of primary commodities typically are volatile, on occasion rising as much as 750% in a few months or falling precipitously. For a variety of reasons, commodity prices are far more variable than prices of most manufactures or other classes of goods or services.

Demand for most primary commodities is not very responsive to short-term price changes. People usually buy about the same amounts of food and beverages unless prices rise very high or fall very low. Some substitution naturally takes place, but such items as grain, potatoes, and sugar are regarded as basic necessities. Tea and coffee take only a small portion of consumer budgets and are objects of strong preference patterns. Purchasers of raw materials tend to be unresponsive to price changes, because the price of an individual material is likely to be a minor factor in the cost of the finished product. For example, the price of tin has little effect on the cost of a can of tomatoes, and the price of copper for electrical wiring has little influence on the cost of a new house. Unlike price changes, business cycles can have a strong effect on demand for raw materials.

The supply of most major commodities responds poorly in the short term to price changes. In most cases, primary commodity producers cannot readily change their production schedules. Increases in production require planning, investments, and time. Developing a new copper mine, for example, takes several years. Tree crops probably have the most lagged response to a price increase, because the trees take up to 12 years to reach bearing age. Conversely, production is slow to decline when prices fall. Many of the resources used in commodity production cannot be shifted quickly to alternative uses.

Production of some commodities varies with extraneous factors. The output of commodities produced as terdependence to our friends and allies abroad, and incidentally, in a global sense as well. I think it was the Chancellor yesterday who attributed two problems as he saw it: escalating oil costs and we all know that to be the case, it has been the case for some time; the other, an American policy of high American interest rates.

I beg to differ with the Chancellor, and I seldom do that, that that is the policy of the U.S. Government; it is not, because we are plagued with it to the same degree that you are here in Western Europe.

The question really before us in that area is whether we are going to artificially manipulate that issue, thereby extending and perhaps deepening and broadening the very factors that have brought us to this dilemma today: runaway inflation, declining productivity, and, perhaps in some respects, over management. I must say that the mainstream of relationships—bilateral between West Germany and Washington—could never be better and have not, in my recent memory, been on a higher plane. We have a number of very important issues facing us, not just the economic. These consultations that I will conduct tonight and tomorrow morning will focus clearly on the upcoming U.N. General Assembly meeting that we will jointly, although in separate fora, have with Foreign Minister Gromyko and it's important that we speak as a united Western world; discussions of the very important Cancun summit coming up in Mexico in October, where for the first time Western industrialized states will sit down at the table with the so-called developing world. It is an extremely important initial meeting.

We will discuss arms control and the formal initiation of the TNF [theater nuclear forces] talks with the Soviet Union before the end of this year. And in that regard for the first time, American negotiators are going to have to be very carefully constrained by European considerations because we're dealing with systems which have a direct effect on European security. That means there are going to be intense, intimate, and continuous consultations between American negotiators and our West European partners, and we will discuss that at some length.

Q. Could you clarify for us a portion of your speech in which you are talking about the chemical and biological weapons? Are you saying that the physical evidence from Southeast Asia seems to suggest illegal biological weapons? Are you saying that it looks as though these were supplied by the Soviet Union?

A. What I am saying is just exactly what I said: that we now have firm evidence of the utilization of such weapons in Southeast Asia. I am not going to jump ahead of a formally scheduled presentation in Washington tomorrow which will provide for you far greater detail on the subject. I was using it in my text today to underline the dangers of the double standard. I'm sorry, I will not go further.

Q. In your speech, you mentioned Poland briefly. Poland lies only 80 kilometers, as you know, to the east of us. Could you possibly give us your opinion as to why the Soviet Union appears until now to have shown some restraint in their policy toward Poland and has not intervened militarily as was, of course, and still is, an imminent possibility? And the second part of my question would be: Do you see any danger to the situation of Berlin should the Soviet Union abandon this reticence?

A. That's a very interesting question. I think it would be hard for anyone, short of the Kremlin leaders themselves, to finitely offer a value judgment on why thus far—and I welcome that fact—the Soviet leadership has stayed detached, certainly in a direct degree to the events in Poland today. One could surmise and speculate on a number of motivations for that restrained policy, which, again I underline, we welcome. It could be a recognition of the consequences of such an intervention in military, political, and economic terms, and in all of those categories the cost would be horrendous.

We have made, in the West, very clear our position on this issue, and that is what we feel, and we have been unified from the first moments of this developing crisis, that the Polish people have the right and must be able to work out their internal arrangements in accordance with their own desires and procedures. Perhaps that, too, and that unity of Western articulation has made a contribution to the welcomed Soviet attitude. One can only register once again how strongly Western leadership feels about that and the great consequences and lasting consequences that would follow some change in the current Soviet policy.

Q. We have all welcomed the announcement that there will be a presentation tomorrow on the Soviet Union using chemical weapons. I remember when you were at NATO not so long—

A. I used the term mycotoxins.

Q. —when you were at NATO not so long ago after Chancellor Schmidt broached the subject of the SS-20 for the first time in 1977 in London, some of my colleagues would have liked to see a picture of an SS-20. They still want to. Do you think we'll see one in the coming few weeks?

A. I've seen them, and I can attest to the fact that they are there. Now you will see some information that is about to be furnished on this subject and a number of other military-related threat topics in the very near future.

Q. But there are certain bits in this about the lack of protest, about the lack of demonstrations. But do you think that public opinion in Europe is being given proper evidence on topics like [inaudible] international terrorism or chemical warfare? I can't see any hardcore, if I may say, information on these subjects.

A. I get your message, and I think it's clear that some of the misinformation or, more importantly, disinformation running rampant not only here in Western Europe but in my own country and throughout the free world suggests that the time has come for us to do a somewhat better job of laying out precisely what we are faced with so that our people can make objective judgments instead of having to rely on misinformation for their source of judgment.

Q. The President called it the window of vulnerability; the Secretary of Defense says we are facing a dangerous decade. The question is the nuclear supremacy, the nuclear deterrence. One gets the impression in Washington that leading personalities in the Administration have the feeling that the Soviet Union has nuclear superiority and could strike against the United States and wipe out your land-based system. I just wonder whether that is so or whether the United States does still hold the nuclear deterrence in a very effective way.

A. I just hope that, when you use that term "leading officials in the American Government" that I was included in that elite group. I suppose there's an old saying: "It ain't what you do, but the way that you do it." It was a song. Frequently, rhetoric can be the source of perception as well as reality.

Let me say a word about the strategic nuclear balances which your question focused upon. It is very important for the American people, who have to foot the bills, if you will, for the strategic improvements we are seeking to understand that there is a reason for the sacrifices that President Reagan is asking them to make—to rearm—and it's substantial. You will note that the decision was announced last evening that the President is going to maintain and retain an extremely high level of defense spending despite all the economic anguish that we are jointly experiencing.

Foremost in that allocation of funds will be modernization decisions with respect to America's strategic nuclear power. What we have been pointing out in Washington—those in that distinguished elite you referred to—is that we have not lost the strategic balance that exists between the Soviet Union and ourselves. I like to think we still have a nodule of edge there, especially in terms of reliability, technical quality of systems. What we have been dramatically pointing attention to is the fact that the trends, if they are not reversed or had they been embedded in the so-called SALT II Treaty, which has been rejected—and I am very thankful for that—would have faced us and will in the future, if we don't take remedial steps, with imbalances which will become increasingly dangerous during the period 1982 perhaps to the later 1980s and beyond that if we don't take appropriate steps.

We pointed out also that because of anomalies in heavy ballistic 19s—high-yield ballistic systems, land-based—and the limitations of American land-based systems—we all know the number, about a thousand Minutemen, Titans—that if we don't take modernization steps we are going to be at a severe disadvantage in that particular category. No particular category is very important, because (a) it's instantaneous in its response character and (b) it is capable of growth, and the Soviet Union had the wisdom to foresee that many years ago when they went with huge systems. Now that they have fractionalization at their disposal they have a potential for rapid expansion of warhead capacity. We have to deal with this, and I don't want our views or I don't want the audience to believe that we, in our rhetoric today, are suggesting that we are not up to today's threat. We are, but we've got to take additional steps if we are to be up to tomorrow's threat.

NEWS CONFERENCE, BONN, SEPT. 14, 1981[5]

First, I want to express my great pleasure at this opportunity to meet with our West German and European allies and my traveling press corps from the United States. This has been an extremely valuable visit for me although a very short one. It's a visit which is designed to continue with the very, very close level of consultation that has been initiated with Foreign Minister Genscher. From the outset of the Reagan Administration, I have met the Foreign Minister on frequent occasions in Washington, Cancun, Rome, and elsewhere. And we have spoken regularly over the telephone, and we exchange messages consistently. The reason for this is the conviction of President Reagan that the German-American relationship is a fundamental aspect of the entire American relationship here in Europe, the NATO alliance, and the framework of the Atlantic Community as well.

I've used this visit as an opportunity to exchange views on a very busy and a very important upcoming diplomatic season. First, the General Assembly of the United Nations session which will commence this month in New York. And this visit provided an opportunity for me to exchange views with my old friend and colleague and the dean of our Western diplomatic corps, Foreign Minister Genscher, on the discussions that will take place in New York—and most particular those that will take place with Foreign Minister Gromyko of the Soviet Union—to be sure that our views were both coordinated and compatible. And as always, they are precisely that.

Secondly, this was an opportunity to exchange views on the very important and highly dynamic process of medium-range missile discussions and the two-track decision arrived at in December of 1979 and reaffirmed this past spring in Rome.

Third, we had an opportunity to exchange views on the very, very important and significant meeting—and really perhaps the first such meeting—in Cancun between the leaders of the developed world and the developing world. And I benefited immeasurably from Foreign Minister Genscher's insight into this important conference. As you know, this visit also afforded me an opportunity yesterday in West Berlin to underline unequivocally the unswerving and continuing support of the United States of America and of President Reagan's Administration for the continued freedom, vitality, and well-being of the free city of West Berlin.

I think that describes the purposes of our discussions well enough.

Q. [Inaudible; concerned enhanced radiation weapon consultation process between U.S. and European partners.]

A. Let me assure you that any criticism we receive directly or indirectly from our friends and allies here in Western Europe is a matter of important concern to President Reagan and to myself. Your question involves the recently announced American decision to continue on with the procedures approved some years ago by President Carter to produce the components of the neutron antitank system. At that time, you'll recall, there was also controversy. Many at that time felt here in Western Europe that we should have proceeded with both the production and deployment. Subsequently, we decided to construct the components.

That production process, if you will, had become mature this past spring, and it required a decision to continue on with it with the efficient merger of the two components and the stockpiling of the system in the United States, or cost-effective considerations would have been thrown out the window. And it was in the light of that that President Reagan decided to continue on with the process initiated by President Carter to merge the components of the system, to stockpile them in the United States, and not to make a decision to deploy this system to Europe. Since this was a unilateral U.S. decision which did not affect our European partners, we notified, prior to the announcement, our European partners of this decision. Beyond that I think it is very important that everyone in Western Europe understand that should at some point it become desirable to deploy such systems, such deployments will only follow the most careful consultation with those nations upon whose soil the system would be deployed. And that is especially true here in West Germany. I hope I've answered your question, and I apologize for going into such great detail.

Changing Strategic Environment

The Soviet buildup has now continued for more than a decade beyond the end of the U.S. strategic buildup of the 1960s. It has continued through a period when the West persued policies of detente, when the United States cut its military budgets, and when NATO undertook virtually no nuclear force modernization. These Soviet actions have had a direct impact on the alliance's ability to implement its deterrent strategy of flexible response.

Soviet force improvements have occurred at all levels and in all areas. Major improvements have occurred in the conventional forces facing Europe, the Far East, and the oil-rich regions of Southwest Asia. Major improvements have occurred in Soviet airborne and seaborne forces capable of projecting Soviet power into regions further afield. Major improvements have also occurred in Soviet intercontinental nuclear forces and nuclear forces targeted on Europe. In this latter area, the Soviets have developed and are rapidly deploying new generations of short-range, medium-range, and long-range nuclear missiles, as well as several new types of nuclear-capable aircraft.

Thus, at the conventional level, the Soviet Union threatens Europe directly through its local superiority in numbers and increasingly modernized forces, as well as indirectly through its ability to project force into other regions of vital interest to Europe, such as the Persian Gulf. The growth in the Soviet conventional threat places a heavier burden on NATO's nuclear deterrent to keep the peace. Yet, at the same time the Soviet Union has achieved parity in intercontinental-range nuclear forces, it has moved into position of clear superiority in those nuclear forces deployed in or targeted on Europe. In consequence, NATO's deterrent is being eroded at a time when the need for it is being heightened.

Although the Soviets over the last decade have enhanced their military capabilities across the board, they have given a high priority to the buildup of their theater nuclear forces threatening Europe. The deployment of the MIRVed [multiple independently-targetable reentry vehicle] mobile SS-20 gives the Soviet Union a capability to hit, accurately and in great number, targets located anywhere in Western Europe from locations deep within the Soviet Union, far beyond the range of any of NATO's European-based systems. In the spring of this year [West German] Chancellor Schmidt wrote that the introduction of the SS-20 "has upset the military balance in Europe and created for itself an instrument of political pressure on the countries within the range of the SS-20, for which the West so far has no counterbalance."

Today, SS-20 missiles are still being deployed in ever-increasing numbers. There are currently 250 SS-20 missiles deployed, carrying 750 warheads, along with 350 SS-4 and -5 missiles, for a total of 1,100 long-range missile warheads. At the same time, the Soviets have undertaken a comprehensive program of improvement and modernization of short- and medium-range missile forces threatening Europe, including the SS-21, -22, and -23, and of new aircraft with nuclear capability and missions, such as the Backfire, Fencer, Flogger, and Fitter.

NATO's Response

The comprehensive nature of the growing Soviet threat requires a comparably comprehensive NATO response in order to sustain NATO's deterrent strategy and so maintain a stable peace. NATO must improve its capability to meet and defeat aggression at the conventional level. To do so, NATO must maintain and, where possible, increase current force levels while regaining its traditional superiority in the quality of its military equipment, training, and morale of its forces with which the West has hitherto compensated for Warsaw Pact conventional advantages. The nuclear threshold will not be raised by degrading the capability of nuclear forces. Unfortunately those who seem to worry most about lowering the nuclear threshold seem among those least inclined to support the conventional modernization needed to raise it.

Yet improving NATO's conventional posture is not enough. For NATO to maintain the credibility of its deterrent strategy, it must shore up the link between the intercontinental and European-based nuclear systems. The Soviet Union must never be allowed to assume that there exists any level of conflict at which it could conclude hostilities victoriously, or that it can limit a conflict to Europe. In particular, the Soviet Union must never be permitted to believe that under any circumstances Soviet territory could serve as a sanctuary from which nuclear strikes in Europe could be launched without fear of retaliation in kind. To allow even the perception of such a gap in the deterrent to emerge would offer fresh opportunities for Soviet political coercion.

The steps NATO has taken to sustain its deterrent strategy include U.S. and allied conventional force improvement, now underway, and a deployment in the United States of a more survivable intercontinental missile system designed to reduce the growing vulnerability of the existing U.S. land-based missile force. An equally critical step in sustaining deterrence was the alliance's decision of December 1979 to modernize its long-range nuclear forces by deployment of 464 ground-launched cruise missiles and the replacement of 108 Pershing ballistic missiles with a model of greater range.

This decision to modernize NATO's long-range nuclear forces was a particularly important part of the overall NATO response to the Soviet buildup. The new systems will be mobile, and they will disperse in times of crisis, thus enhancing the survivability of NATO nuclear forces and reducing the dangers of a Soviet preemptive attack. The very existence of NATO's nuclear forces compel any aggressor to disperse its forces more widely and adopt less efficient modes of conventional attack even at the early stages of any conflict. These new systems can also reach into the Soviet Union. Thus their deployment to Europe will reinforce the Soviet leadership's realization that Soviet territory cannot be a sanctuary in wars from which long-range missiles like the SS-20, or aircraft like the Backfire, could threaten Western Europe with nuclear destruction. Finally, these systems, like other NATO nuclear systems, will be based in a number of member countries. They thus demonstrate the concept of shared risk, shared effort, and shared security upon which the Western alliance is based.

When TNF modernization is seen in this broader context of Western deterrence strategy, the myths which have come to surround alliance decision of December 1979 melt away.

- The deployment of long-range cruise and ballistic missiles to Europe does not move NATO away from its existing strategy of flexible response. Rather, the LRTNF decision is essential to sustaining NATO strategy. In particular, this deployment will link more firmly the alliance's existing nuclear forces in Europe to the U.S. strategic deterrent.

- This deployment was not thrust by the United States upon the Europeans. Rather it represents a considered American response to a widely felt European need for an evolutionary adjustment of NATO's capabilities to take account of the onset of strategic parity and the massive and continuing buildup of Soviet theater forces, such as the SS-20.
- The deployment does not give the alliance a qualitatively new capability. The United States has had systems in Europe capable of striking the Soviet Union since 1952. This new deployment will permit NATO to retain that capability and retain that element of our deterrent strategy despite improvements in Soviet air defense, the aging of our own systems, an increasing need to commit NATO's aircraft resources to conventional roles, and large-scale new deployments of Soviet TNF.
- This deployment does not increase the alliance's reliance upon nuclear weapons. Rather, in providing NATO a more balanced theater nuclear force, this planned deployment has already permitted a significant net reduction in older and more vulnerable nuclear weapons located in Europe.
- This deployment does not represent a step toward the development of a NATO nuclear war-fighting capability. It is the Soviet Union which is developing the capability to fight and win a nuclear war in Europe. This deployment will force upon them the realization that NATO will not fight a war on their terms, will not permit them to regionalize a conflict to exclude their territory, and will not permit them to hold Europe a nuclear hostage.

Theater Nuclear Arms Control

The 1979 LRTNF decision not only promises enhanced prospects for deterrence of war in Europe, it also holds out the prospect of a serious effort to negotiate reductions in U.S. and Soviet theater nuclear forces. As a result of NATO demonstrating the resolve to modernize its TNF, the Soviet Union has been persuaded to put on the negotiating table, for the first time, nuclear forces that threaten the allies. Without modernization there would be no prospect of limiting the Soviet nuclear threat to Europe.

I take no credit for noting that Florence Nightingale's injunction regarding hospitals—that their first task was to avoid spreading disease—applied equally to arms control. An arms controller's first imperative is to limit arms in ways which do not make wars more likely. The Reagan Administration believes that if arms control is to reinforce the prospects for peace, it must be closely integrated with defense and foreign policies of its practitioners.

The United States is committed to making arms control a coherent, supportive part of its total national security program. We recognize that arms control, properly pursued, helps to reduce the threat we face and contributes to stability and peace.

Last July, Secretary of State Haig outlined the principles which will guide the United States as it enters into theater nuclear arms control as well as other arms control talks.

- Arms control will be an instrument of, not a replacement for, a coherent alliance security policy.
- We will seek balanced arms control agreements.
- Arms control must include effective means of verification and mechanisms for security compliance.
- Our strategy must consider the totalilty of various arms control processes, not only those that are being specifically negotiated.
- We will demonstrate our seriousness by insisting that whatever the scope of negotiations, we are prepared to accept reductions to the lowest possible level based on equal, balanced limits on comparable systems.

This very day Secretary Haig is meeting with Soviet Foreign Minister Andrei Gromyko. They will discuss, and I hope agree, to begin theater nuclear arms control negotiations in the next 2 months or so. Consistent with the principles Secretary Haig outlined in July, the United States will press in those negotiations with all the strength, skill, and pursuasion it can summon for equitable, verifiable, and global limits in theater nuclear forces at the lowest possible levels. The burden will be on the Soviet Union to move from propaganda to real arms control, to abandon its one-sided proposals, to reduce the number of these weapons in Europe, and to reach an agreement which will enhance the security of East and West alike.

The U.S. position in these negotiations is being worked out in closest consultations with our NATO allies. Throughout the spring and summer of this year, NATO's special consultative group and high level group have been meeting regularly to establish a common alliance view on the threat we face, NATO's needs in the nuclear area, and our arms control objectives. These alliance consultations, of unparalleled intensity, will continue once U.S.-Soviet negotiations begin later this year, in order to insure that we pursue an agreement which is fully supported by the alliance and which enhances the security of all its members.

A Choice of Visions

Today I have tried to explain how, over 30 years, a viable alternative to Moscow's view of Europe as a second-class hostage to Soviet power has been fashioned. This Atlantic alternative is built upon ties of history, culture, and commerce. It shares a concept of man's place in society and of the manner in which intercourse between societies should be conducted. To survive, however, this alternative has had to create an alliance structure which can bridge the ocean which provides its name.

The Atlantic has been spanned by the commitment to strategic unity, through which each member accepts the risk of war in order to protect its allies and to secure its allies' protection. It has been spanned by the integration of conventional, theater nuclear, and strategic forces in a single spectrum of deterrent power. It has been spanned by a strategy of flexible response, which commits the alliance to escalate a conflict as high as is needed to defeat any aggression, but permits it to confine a conflict to as low a level as possible consistent with that objective. And it has been spanned by a common commitment to seek meaningful and effective arms control.

The nuclear debate in Europe today has become a battle for the soul of Europe. The alternatives are clear. The West can reaffirm its faith in collective defense, deterrence, and serious arms control and thus remain free. Or America can turn in upon itself, and Europe can rest its hopes for security and its prospects for freedom upon Soviet goodwill. For 30 years America has rejected isolationism. For 30 years Europe has rejected Soviet patronage. For 30 years the West has instead chosen unity, strength, and freedom. There is no other choice. ■

A. First, I am not aware that Mr. Nitze has formally accepted what is apparently an offer to take on the TNF [theater nuclear force] negotiating job. But let me tell you also about General Rowney. He has been involved in three American Administrations, in every aspect of our arms control negotiations with the Soviet Union. He is well known to the Soviet leaders and, I think, highly respected as a man who knows his stuff.

Now, arms control is not controlled by the demeanor of a particular negotiator. After all, our negotiators are responsive to the views and the directions of an American president. I think too often in the past we have had a negotiator or another who was perhaps overly enamoured with a Nobel Peace Prize rather than genuine progress in the interests of the security of the American people and world peace. This remains to be seen. We hear a lot of positive rhetoric from the Soviets. Thus far we suspect that a great deal of that is propaganda designed to do precisely what you mentioned, split our European partners out from ourselves. Now, we don't want that to happen. We aren't going to let it happen. But we are ready to talk seriously.

Q. You have said that we shouldn't expect too much out of that meeting with Mr. Gromyko. What might be the best thing that could happen and the worst thing?

A. I wouldn't draw alternative best outcomes, worst outcomes. I think this is the first time that at the ministerial level we are meeting, and there are a host of important issues on our agenda, not the least of which is the TNF discussions themselves. And I hope if we can establish a new base of communication— if we can convince the Soviet side that we are serious about a dialogue. But that dialogue is going to be dependent on corresponding Soviet international behavior and reciprocity between the Soviets and ourselves. If we have accomplished that, we communicate that fact, it will have been a successful session.

Q. As you begin this dialogue with Foreign Minister Gromyko, would you wish that the budget process had been completed and that you would not be facing the Soviet Union with talk of reductions in the U.S. defense budget?

A. Oh, absolutely. And let me say this. I think it is vitally important that the American people and that the American Congress understand that any substantial reduction in America's defense spending will have a fundamental deleterious impact on our ability to deal effectively with the Soviet Union, whose own growth in armaments has been unparalled in modern history and whose international aggressiveness has become a matter of increasing concern to all of us. I think we have to negotiate from strength. Any other course would be sterile and futile.

Q. Am I to assume, then, you and Secretary of Defense Weinberger are for once together on an issue and will this issue come out the way you two want it or will budget director Stockman get the cuts he is seeking in the defense budget?

A. I think the President has already made his position rather clear on this. It has resulted in some belt tightening in the Pentagon, as it should. But the basic reductions are modest in character and it keeps the momentum of the continuing growth of American military power high on the agenda. It is up now to the Congress, and I would hope that we will continue to have the unified support of both parties on this vital matter.

Q. There's been a report that the head of the American Interests Section in Havana has been recalled, and there is a lot of speculation that the United States is on the verge of totally breaking relations with Cuba. Is that something that is likely to happen?

A. No. The return of our representative from Havana is merely a periodic consultation call.

Q. He will be going back?

A. Yes.

Q. When you talked about people courting Nobel prizes in negotiations, you weren't referring to your former colleague, Henry Kissinger?

A. Not at all. Not at all.

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[1] Press release 318 of Sept. 21, 1981. ■

ECONOMICS

East-West Trade Relations

by Myer Rashish

Statement before the Subcommittee on International Economic Policy of the Senate Foreign Relations Committee on September 16, 1981. Mr. Rashish is Under Secretary for Economic Affairs.[1]

The Administration's trade policy toward the Eastern bloc—indeed our overall economic relationship with the East—cannot be divorced from our broad political-security objectives vis-a-vis these countries. As a result, our trade policy contains some basic and significant aspects which do not characterize our trade policies toward other countries. Essentially this is due to the political-military situation in which we find ourselves today.

In the first instance and most importantly, the Soviet Union and its Warsaw Pact allies remain the principal threat to Western security. This prevents us from being able to deal with the Soviet Union and Eastern Europe as we can deal with most other countries in the world. Our economic policies must support our key objectives of deterring Soviet adventurism, redressing the military balance between the West and the Warsaw Pact, and strengthening the Western alliance. Economic relations must reflect and reinforce our political goals of influencing the behavior of Communist governments in ways which serve the vital interests of the United States and its allies.

In formulating our economic policies, we must also keep in mind that trade may enhance Soviet military capabilities directly and transfer technology not otherwise available which may make a significant contribution to the military. East-West trade also contributes more broadly to Soviet ability to support military programs at levels that Western countries find increasingly difficult to match. Furthermore, certain economic relations with the East may lead to levels of dependence which increase Western vulnerability to political influence and coercion by the Soviet Union.

On the other hand, our trade ties offer certain opportunities. There are, of course, the obvious benefits to our economy from increased exports. In addition, we must always keep in mind that our economic relations may offer an opportunity to influence future Soviet and Eastern European economic and political behavior. Keeping these considerations in mind, it is very important that the United States systematically review our policies regarding economic relations with the Soviet Union and Eastern Europe.

We will work closely with our allies to insure, in the words of the Ottawa summit declaration, that ". . . in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives." It is extremely difficult to carry out an effective East-West trade policy unilaterally. We cannot allow East-West trade to become a source of dissension and division in the alliance.

In undertaking our review, we are seeking to develop a prudent and careful approach which would, at the same time, improve our ability to deny the Soviet Union equipment and technology to further its military objectives while allowing us to broaden certain economic ties that will permit us to exercise greater leverage and influence on Soviet behavior.

U.S. Trade with China, COMECON, and Others, 1970, 1980

	1970		1980	
	Exports	**Imports**	**Exports**	**Imports**
China	None	Neg.	$4 billion	$1 billion
COMECON (European members: Bulgaria, Czechslovakia, East Germany, Hungary, Romania, U.S.S.R.)	$4 million	$2 million	$4 billion	$1 billion
Japan	$5 billion	$6 billion	$21 billion	$31 billion
Western Europe (incl. Yugoslavia)	$14 billion	$11 billion	$68 billion	$46 billion

Sources: Department of Commerce, *General Imports: World Area by Commodity Groupings* (Dec. 1970); *Exports: World Area by Commodity Groupings* (Dec. 1970); EM 450/455, Dec. 1980; IM 150/IM 155, Dec. 1980.

U.S.S.R.

In reviewing East-West trade policy, the Administration has given priority attention to our relations with the Soviet Union. One of our major goals has been to eliminate the transfer of Western equipment and technology which contributes significantly to Soviet military capabilities. There is a need to strengthen multilateral controls on the transfer of technology. At the July Ottawa summit meeting we agreed to hold a special high-level meeting of the Coordinating Committee for East-West Trade Policy (COCOM) to discuss how to improve the effectiveness of controls on trade with the East. We are now developing our position for this important session.

An additional area of concern has been the increasing importance of Soviet raw materials—particularly energy—for the economies of many allied countries. We continue to have serious reservations about the west Siberian pipeline project which, if completed, would substantially increase the share of Soviet gas as a proportion of Western Europe's gas consumption and has the potential for significantly increased Soviet political leverage as a result. We plan to meet with European leaders in the coming months to discuss alternatives and ways to reduce vulnerability to possible Soviet pressure.

If the Soviets act responsibly and with restraint in the international arena, we are prepared to continue and expand our trade in nonstrategic areas on the basis of mutual advantage. The removal of the partial grains embargo and the 1-year extension of the U.S.-Soviet grains agreement is a clear indication of our readiness in this respect. However, even in the area of nonstrategic trade we cannot divorce our policies from overall Soviet behavior. While it is the Reagan Administration's goal to reduce foreign policy trade controls, we are not prepared to forswear the use of these controls as part of an overall response to future Soviet aggressive action.

Eastern Europe

In developing U.S. policy toward the countries of Eastern Europe we must take into account the distinctive character of each country in the area and the fact that each of these nations has its own internal dynamic. Our goal is to encourage evolutionary change, increased assertion of national self-interest, and greater respect for the rights of individual citizens by East European governments. Throughout Eastern Europe our economic and trade ties constitute a key component of our bilateral relationship. However, we must continue to deny equipment and technology that would contribute significantly to the Warsaw Pact's warmaking capabilities or could otherwise be diverted to the Soviet military.

The state of our bilateral relations varies from country to country. Yugoslavia, Poland, Romania, and Hungary receive nondiscriminatory or most-favored-nation (MFN) tariff treatment and are eligible for government-supported credits from the Export-Import Bank and the Commodity Credit Corporation. This summer the Administration renewed bilateral trade agreements with Hungary and Romania and proposed to the Congress that MFN for these countries be extended for 1 additional year in accordance with the provisions of Section 402 of the 1974 Trade Act. (No such extensions are required in the case of Poland and Yugoslavia, to which MFN treatment had been extended before enactment of the 1974 act.)

In each instance the granting of MFN has been an important stimulus to an improved bilateral relationship. In the case of Poland, Yugoslavia, and is of particular concern that U.S. and European direct investment in minerals has stagnated in recent years. The primary reasons for this are the slack demand for metals and minerals, due to the economic downturn in the developed countries, and increased investor perception of the political risk of investing in some mineral-rich developing countries. In view of the long lead times involved in developing new minerals resources, a global shortfall in exploration and new mine and smelter capacity could result in future shortages and/or sharply rising metals and minerals prices when the developed country economies turn upward again and world demand for these items increases. Such shortages and price increases could, in turn, constrain future global economic growth.

While there are sectoral reasons for low foreign investment in many developing countries (the temporary fall in demand for metals and minerals is a good example), there are other "investment climate" factors, such as questionable national economic policies, fear of political instability, and negative policies toward foreign investment. Increased perception of political risk among potential investors is a key factor. Unclear and restrictive investment laws and regulations, and the unpredictability of their application, are other important elements, as are the increased use of performance requirements and restrictions on equity holdings.

New Forms of Investment

There have also been important changes in the characteristics of international direct investment. Recent OECD studies indicate that borrowed funds—essentially local currency borrowing—now represent a key source of financing for many firms, especially U.S. enterprises. In addition, an increasing number of medium-sized and sometimes even small-sized firms have begun to invest abroad in recent years. The development and internationalization of firms engaged in providing services necessary to direct investment, such as banks, has grown at a rapid pace since the beginning of the 1970s.

Enterprises are also diversifying their forms of investment. European state-owned enterprises have become increasingly significant investors in the OECD countries and in many less developed countries (LDCs). In addition, the "traditional" wholly owned subsidiary form of operation is being increasingly replaced by nonequity forms of foreign direct investment, such as management contracts, licensing arrangements, etc.

The emerging trend seems to be a tendency toward flexible and pragmatic forms of ownership, management, and control. These increasingly complex arrangements often involve several forms of control, cross control, or joint activities. The emergence of new and more flexible forms of interfirm relations is particularly noticeable in developing countries that are now endowed with substantial financial resources of their own or which can borrow abroad on their own account. A country in this position may put less emphasis on attracting foreign capital than on attracting foreign technology and management capacities.

Private Sector Role in Developing Countries

Slower rates of global economic growth since the mid-1970s have hit most developing countries extremely hard. Adjustments to the soaring costs of energy and other resources, high interest rates, the decrease in the rate of growth of foreign investment in most developing countries, and sluggish world demand for many developing country exports have caused major problems for developing countries in addition to the traditional ones many already faced.

The United States has a strong interest in the economic development of developing countries. Taken together they are a larger market for U.S. exports than Europe and Japan combined. Foreign private direct investment flows can be a major—and increasingly important—supplement to other forms of resource transfers, principally official development assistance, in stimulating growth in developing nations.

There appears to be an increasing perception by many developing nations that increasing foreign direct investment will be vital to their prosperity in the 1980s, particularly as aid prospects appear less promising. Many developing nations are seeking actively to attract foreign investors. Their success will depend largely on their investment climates. Clear and consistent investment-related laws and regulations, in conformity with the principles of international law, and according most-favored-nation and nondiscriminatory treatment of investment, along with other steps in the direction of a more open investment environment, will be determining factors in the decisions of many investors.

The U.S. Government is also seeking ways to facilitate U.S. private sector involvement in LDCs. Steps we have taken or proposed include improved treatment of foreign-sourced personal income; amendment of our Foreign Corrupt Practices Act so as to define better the proscribed conduct; support for export trading company legislation; and renewal of OPIC's [Overseas Private Investment Corporation] legislation with a broadening of the scope of its activities in developing nations. We are also considering proposals for the expansion of trade and development program grants for project feasibility studies and project design.

Another important step involves the negotiation of bilateral investment treaties with developing countries desirous of attracting U.S. investors. Such treaties would enhance the attractiveness of investing in those countries by establishing a common frame of reference and legal base to deal with the entry and duration of investment, compensation, and arbitration in the event of expropriation; treatment of established investment; repatriation and other transfer of assets; and dispute settlement.

We are also seeking to give new vitality to and broaden the international effort to enhance private sector investment in those developing countries where the environment is conducive to private sector growth. We believe the World Bank can play a highly effective role as a catalyst for increasing international flows of direct investment to developing countries through cofinancing with the private sector. Even if the Bank finances only a part of a project, its participation improves the climate of confidence between foreign investors and the country in which the investment is taking place. Within the Bank, the International Finance Corporation (IFC) has a particularly important role to play. For the last 25 years, the IFC has been working to encourage the growth of productive private investment in developing countries. Its equity participation in a small portion of an investment can attract private participation in the larger portion of that investment. The IFC should receive greater support from developed and developing nations alike.

Domestically, the new legislative authority for OPIC will permit it greater freedom to support private investment in middle-income developing countries. At the same time, we should consider the possibility of working with other developed and developing countries to establish a multilateral insurance agency. This could help to facilitate investment in developing countries and give greater confidence to new investors from countries which do not have their own national insurance agencies. Similar ideas have been considered before, but perhaps the timing now is more propitious because the desire among potential investors and potential recipients is greater. We also welcome the increased interest shown by private firms in issuing political risk insurance in developing countries and are exploring ways in which we can cooperate more closely with them in this field.

We have become increasingly concerned over the serious political, social, and economic problems faced by many countries in Central America and the Caribbean. We are currently seeking to cooperate with the Caribbean Basin states in a practical way to develop programs to stimulate more rapid economic growth in the region. The U.S. portion of this initiative will focus in large part on enhancing the role of the private sector in these economies. Growth of a modern efficient private sector is imperative to promote productive employment in the region and to generate exchange-earning exports. We have no preconceived blueprint for determining the actions, joint and separate, which should be taken to increase regional productive capacity and achieve needed economic revitalization. We are now engaged in a series of consultations with basin countries and other potential participants to determine those trade, aid, and investment measures which, when taken in combination with the efforts of the regional governments themselves to reduce internal constraints to economic growth, will help to reach our long-term goal of increased economic prosperity for the region.

Other Current Issues

Capital Shortage. As I mentioned at the beginning of this discussion, we expect the 1980s to be a time of capital scarcity and, therefore, competition for foreign investment. As the global economy expands, increasing amounts of capital will be needed to sustain this growth. Particularly for developing countries, which, other things being equal, normally should expect the highest growth rates, capital scarcity may well become an even more important constraint on growth than heretofore. This constraint is due to increased investor perception of the risks attached to investments in some developing countries and to the real limits on the global amounts of capital available for both domestic and foreign investment.

Performance Requirements and Investment Incentives. A central issue in the 1980s is the increasing intervention by host governments in the decisionmaking process of potential foreign investors. More and more often governments are attempting to manipulate foreign investment to support their national economic goals. These forms of intervention, practiced by both developed and developing countries, take two broad forms.

- *Incentives.* Some countries offer significant tax, credit, and other incentives to attract foreign investors. When such incentives distort decisions of foreign investors, there is a shift of production as well as jobs, technology, exports, etc., to the host country providing the incentives. Other countries competing for the investment on closer to economic terms lose out.
- *Performance requirements.* These include various performance commitments: minimum employment and export levels, local value-added and content requirements, technology specifications, buy-back and marketing arrangements, etc. Most result in a shift of production to the host country on a noneconomic basis. Increasingly, host countries are combining the use of investment incentives and performance requirements. This is leading to the development of unique bargaining situations in which the economic interests of the capital-exporting countries may be ignored and trade and investment flows are distorted.

Performance requirements are not instituted solely by developing countries. For example, Canada's Foreign Investment Review Agency has leveled certain requirements on U.S. and other foreign firms. As a condition of entry into Canada, one company was recently required to promise to bank with Canadian banks and utilize exclusively Canadian advertising agencies and public accountants. Another firm was required to promise it would purchase a specific percentage of its input requirements from Canadian suppliers. Pressure was put on a third enterprise to move certain manufacturing operations from the United States to Canada. Unfortunately, there are many other examples.

I am frankly surprised that a major developed country, provider, and host for so much international investment would adopt such nationalistic and short-sighted policies. Furthermore, such policies, if unchallenged, are likely to encourage other countries to adopt, or increasingly resort to, similar measures. Canadian firms will not be immune to the countereffects of such measures. It is puzzling to me how Canada can expect to have it both ways—seeking benefits from participating in the Western industrial club, while claiming special rights to promote indigenous development by curtailing the foreign economic activity of its close trading and investment partners.

Our neighbor to the south, Mexico, also imposes performance requirements in key sectors. The 1977 Mexican automotive decree requires producers to obtain the foreign exchange requirements needed for their operations (e.g., for imported components and indirect foreign exchange costs such as interest and dividend payments made abroad) through the export of completed vehicles and parts and allocates foreign exchange among the producers on the basis of, *inter alia*, the percentage of domestic materials incorporated in their products.

Performance requirements directly related to trade are of particular concern since valued-added requirements can generate effects similar to import quotas on components and other inputs. While such quotas would generally be prohibited under the GATT [General Agreement on Tariffs and Trade] trading rules, there are no applicable international rules when countries use their investment policies to achieve the same purpose.

Other requirements, such as minimum export requirements, are inconsistent with both the GATT and the subsidy code but because they are tied to investment agreements they may be very difficult to sort out. The net effect of these investment policies is to skew foreign investment in order to attain short-term industrial policy goals and to distort international trade patterns. Governments which do these things undermine international trading rules.

We believe it is time to strengthen multilateral discipline and restraint over such government actions which distort international investment and thus international trade and production decisions. In the short-run, narrowly nationalistic actions are indeed tempting to us all. In the long run, we all benefit from an byproducts may be more responsive to changes in the prices of associated products than to changes in their own prices. Vegetable oil, for example, is produced as a byproduct of soybean meal; cobalt as a byproduct of copper. The supply of practically all primary commodities produced in agriculture is subject to unpredictable and sometimes sharp variations resulting from the vagaries of nature. Droughts, severe winters, and wet harvest seasons can slash yields. A freeze in a coffee-growing area may affect harvests for several seasons. Crop diseases and insect infestations can develop quickly.

Competition from new producing areas and competition from synthetics and substitutes tend to put a ceiling on commodity prices over the long term. Most agricultural commodities and some minerals can be produced fairly widely, although costs vary from place to place. Potential competitors could begin production if the long-run outlook strengthened. For example, Africa has long been the leading cocoa producer, but recently Brazil and Malaysia have been increasing their cocoa plantings. Most raw materials must compete with synthetic substitutes: synthetic rubber versus natural rubber, synthetic fibers versus cotton and jute, glass fibers and microwave relays versus copper cables, and plastic coatings versus tin plating.

Commodity Agreement Goals

One view of commodity agreements is that they should mute short-term fluctuations in the market, following instead the long-term trends in supply and demand. Such agreements:

- Would preserve the price mechanism for adjusting to changes in supply and demand fundamentals while narrowing the range of short-term fluctuations around the trend line;
- Would help forestall overreactions to short-term price variations;
- Would facilitate financial planning in developing countries dependent on the revenues from commodities;
- Could lead to a greater and more reliable supply because of an improved investment climate; and
- Might marginally improve the competitive position of the commodity by reducing the volatility of consumer prices.

A second view of commodity agreements concedes value to stabilization but adopts a long-term goal of raising producer prices. The industrialized countries tend to be importers, and the LDCs exporters, of the commodities identified by UNCTAD for special attention. Sustaining prices of these commodities above market-clearing levels thus would result in a transfer of resources from developed to developing nations.

A stabilizing-type agreement, which is theoretically self-financing, would have to deal alternately with surpluses and shortages. An agreement designed to raise prices above market levels would have to deal with the tendency of higher prices to increase production and depress consumption. Efforts to cope with or somehow avert persistent surpluses would have to be financed by industrialized-country consumers or governments or a combination of both.

Commodity Agreement Mechanisms

International commodity agreements have been used since the 1920s in a wide variety of situations. By using one of two mechanisms—buffer stocks and export quotas—most agreements have attempted to control the amount of a commodity reaching the market. The buffer stock mechanism requires a fund that can be used to buy up stocks of the commodity when prices slump; the stocks are sold when prices rise above agreement objectives. Export quotas defend a price floor, reducing total supply by limiting the amount of the commodity that each member nation is permitted to market. Export controls generally require producing nations to stockpile or limit production individually, but stockpiling can be costly and limiting production can be politically painful. Some producers may elect to remain outside an agreement. The cooperation of consuming-country members may strengthen a commodity agreement; consumers can be asked to agree not to import commodities marketed in violation of the agreement. Some commodity agreements contain consultative provisions intended to facilitate planning and minimize price fluctuation due to faulty assessment of demand. Market-development measures sometimes are included.

Not all commodities lend themselves equally well to the commodity agreement concept. The most fundamental success factor is relative inelasticity of demand: the less elastic the demand, the more producer revenues can be raised by withholding supply. Otherwise, falling sales volume can offset price gains. Other success factors include perishability, transportation costs, industry concentration, the range of production costs, and the existence of a homogeneous product and organized international market. Low storage and transportation costs generally enhance an agreement's chances for success (bananas and fresh meat would be poor candidates for a buffer stock agreement). Success also depends on the proportion of a product's production that reaches the market; so an industry with fewer and more concentrated producers likely would have a greater market share than one with widely dispersed production. It also helps if producers' costs are generally equal, so that no one group of producers feels it can afford to expand its market share through price competition.

The Integrated Program for Commodities

The integrated program for commodities had an immediate goal of establishing international agreements covering the 10 "core" commodities of special importance to the Third World. The integrated program for commodities also planned eventual development of measures for eight additional commodities: bananas, bauxite, iron ore, manganese, meat, phosphates, tropical timber, and vegetable oils. Integrated program for commodities operations were to be financed by a common fund, projected at $6 billion, to be contributed by both importer and exporter governments. About $4.5 billion of the fund was earmarked for buffer stock operations. The remainder was to be used for lending operations in support of other commodities for which buffer stocks were not considered suitable.

After 4 years, the integrated program for commodities has made little progress. Only one new agreement has been signed since the UNCTAD IV conference—the International Natural Rubber Agreement. It entered into force in 1980, and its buffer stock will probably become operational in 1981. The sugar and coffee agreements, already in effect at the time of the UNCTAD conference, have been renewed but face market conditions that make their long-term economic effectiveness questionable. The International Cocoa Agreement has been renewed but without the largest producer (Ivory Coast) and the largest consumer (the United States). Negotiations are underway to replace the fifth International Tin Agreement, which is due to expire in June 1982. The International Wheat Agreement remains in effect, but only as a consultative mechanism, without economic provisions. Prices for the 10 core commodities have continued to fluctuate widely.

Enthusiasm for the common fund has waned among the LDCs, because the fund's size is much smaller than originally envisioned ($750 million instead of $6 billion). The fund has been scaled down drastically because only a few commodity agreements now seem likely to associate with it and because attention has shifted from stabilization of commodity prices to stabilization of commodity export earnings. The latter goal requires less intervention, because lower prices often are associated with increased supply rather than reduced demand.

Has the integrated program for commodities failed? Or will it merely require more time to develop than UNCTAD IV envisioned? Does recent experience with commodity agreements indicate eventual success? Have flaws emerged in commodity agreement designs? Is intransigence on the part of consumers or producers to blame for the integrated program for commodities' slow progress? Should the Third World redouble its efforts on the integrated program for commodities or turn to other means of increasing its income?

These questions bear importantly on the development strategies and potential of many Third World nations and on the interests of developed ones as well. Ultimately, these questions will be assessed in the broadest possible economic, political, and sociological terms. However, the primary focus of this paper is economic constraints shaping the potential of commodity agreements to affect international markets and producer incomes.

Stabilization Success of Commodity Agreements

Even a quick reading of commodity agreements history suggests that international commodity agreements have produced little price stability. Economic studies strongly support this conclusion. Alton D. Law in *International Commodity Agreements* (Toronto, 1975.) determined that the average coffee price fluctuation was at least 50% greater during the agreement years of 1965–72 than in the preceding nonagreement period of 1950–63. For sugar, he found the fluctuation at least 75% greater for 12 recent years of control than for 11 noncontrol years, even eliminating the years when the U.S-Cuban confrontation disrupted the sugar market. Only in wheat and tea did Law find more stable prices during the tenure of international agreements—and the wheat stability resulted primarily from national stockpiling by the United States and Canada. Gordon W. Smith and George R. Schink, writing on "The International Tin Agreement: A Reassessment" in *The Economic Journal* of December 1976, concluded that the U.S. tin stockpile has lent far more stability to the tin market than has the International Tin Agreement, in large part because it is many times larger than the agreement's tin buffer stock.

Those commodities with the most volatile market fundamentals—least elastic demand, longest supply response lags, greatest vulnerability to business cycles, etc.—have had volatile price patterns even when commodity agreements have been in effect. Tea, on the other hand, has had a relatively stable and uneventful price history both with and without a commodity agreement.

Limitations of Stabilization Schemes

The potential gains to be had from stabilization are relatively modest and enormously difficult to achieve.

In the first place, stabilization gains depend importantly on committing a more appropriate level of resources to production over time. It is extremely difficult, however, to determine the correct level at any given moment. Demand for many commodities swings in pronounced and erratic cycles. With other commodities, supply is the more important variable. For most, the overall market is growing, slowly—and judgments of when to add new production are extremely important. Production of most commodities must be developed in sizable units to achieve economies of scale, and this, too, complicates stabilization. Once such resources as ore deposits, groves of trees, and specialized processing machinery have been committed, they have little alterative use in the short or even medium term. Even with an international agreement, it is difficult to improve resource efficiency.

Any benefits achieved from stabilization must also be balanced against the costs involved. To the extent that they rely on export controls, commodity agreements may raise production costs by locking in the production patterns that exist at the time of negotiation. In order to maintain peak efficiency, these patterns normally would tend to change with new technology, new opportunities for resources, new entrants into the industry, and other factors. The recent shift of cotton production from the developed to the developing countries is such a change, which might well have been hindered by a strong commodity agreement. If the agreements encourage less efficient use of a nation's resources, that loss of efficiency must be balanced against the gains in stability.

Finally, of course, producer proponents of commodity agreements need to bear in mind that the benefits of stability in a commodity are shared between producers and consumers. Ezriel Brook and Enzo Grilli indicate in an article, "Commodity Price Stabilization and the Developing World," in *Finance and Development*, March 1977, that the source of market instability is a key factor in the distribution of these benefits, with producers gaining the principal benefits only when instability results from production factors.

On a more pragmatic level, stabilization itself can affect resource commitment and lead to increased—and sometimes surplus—production. Effective stabilization in the short run reduces producers' risks—and thus encourages them to expand output to the point where their variable costs are covered by the minimum price. This phenomenon has been frequently documented in connection with agricultural price-support policies in the developed nations (notably the United States). It is also noted in a World Bank study of the international jute market. This tendency toward increased production undermines even the most limited goal that has been outlined for commodity agreements—protecting exporters with a floor price.

Because agreements require a political consensus, the economic foundation of some agreements is shaky from the start. Export quotas are often the first area of compromise, because producing nations threaten not to join unless they receive attractive quotas. The second area of compromise, of course, is price objectives. Producers argue for higher prices; consumers for lower. For example, the recently renewed cocoa agreement has not been signed by Ivory Coast, the largest producer, because the price range is too

Q. You didn't answer my question completely.

A. I think I've just done so by outlining for you specifically how we got from where we were to where we are today. I also made it very clear that we are always concerned by criticism, either guarded or direct, from our European partners, and we respond to that criticism. I certainly have explained while here precisely what I just explained to you when this subject was discussed in our consultative meeting. I don't know what more you want in answer to your question.

Q. Under what circumstances could it be desirable to deploy neutron warheads in Western Europe and how much of a veto West Germans and allies have, and also [inaudible] report today deployment of the TNF beyond December 1983 in West Germany?

A. With respect to your first question, I think it's very premature to speculate when, under what condition the deployment of the American systems now being stockpiled would be made. I think it is sufficient to say that should, in the future, conditions suggest that it would be in our mutual benefit to do so, that there will be complete and total consultation with respect to it with those nations upon whose soil such deployment was contemplated.

With respect to the second part of your question, I read that story with some interest and, I must say, with some surprise this morning and believe it was a Washington or Rome byline from a Washington correspondent, which confuses me as to where it came from. But be that as it may, there is absolutely no truth to the story. The TNF two-track procedure is precisely on schedule. We are proceeding along the two lines agreed to in December 1979 and reaffirmed this past spring in Rome which called for plans to deploy cruise and improved Pershings and the early initiation of medium-range arms control talks with the Soviet Union. That would be a topic, incidentally, which will surely come up in my meeting with Mr. Gromyko at the United Nations this month, in which I anticipate both the time—the specific time for the initiation of these talks—and the location of these talks will be agreed upon. And that visualizes, as you know, a commencement—a formal commencement—of the negotiations before the end of this year. I am very confident that that will remain on track.

Q. Is the so-called zero option acceptable to the United States?

A. I think that it is premature to get too definitive on this subject, because sometimes the terminology itself means different things to different people on either side of the demarcation line. But I think I can affirm that we have not rejected this zero-option proposal, and under ideal conditions such a proposal might be very worthy of exploration and consideration.

Q. [Inaudible; concerned F.R.G.-U.S. coordination on arms to Saudi Arabia.]

A. I'll fill in my half of the answer by reaffirming once again that both the Carter Administration and President Reagan's current Administration have been continuing with a process of a provision of certain aircraft to the Government of Saudi Arabia and that we are now contemplating a continuation of that process with the enhancement of the aircraft already agreed to and a certain aerial reconnaissance known as AWACS [airborne warning and control system aircraft] capability which will also be provided to Saudi Arabia.

As you know, this is a somewhat controversial issue in my own country. President Reagan is committed to providing—to making this sale with Saudi Arabia. We feel it is a vitally important step to be taken in the broadening of our regional interests and activities in the Middle East, that it will contribute to peace and stability in the area which has been threatened by external or proxy activity increasingly in recent months and years. And I would include in such activity the activity we're witnessing today in Afghanistan; the changing circumstances in Iran; Soviet proxy activity through Cuban forces in Ethiopia; the Southern Yemen situation; and the efforts made recently to overthrow Northern Yemen. All of these represent and constitute serious threats to overall Western interests. It is the President's view that the provision of this additional capability to Saudi Arabia will strengthen Western interests. And we would include in that ultimately the interests of the State and people of Israel as well.

Q. [Inaudible; concerned the Haig-Gromyko talks and how many SS-20 missiles are they going to discuss.]

A. I haven't done my latest arithmetic, but I believe the statistics are in the neighborhood of over a thousand warheads, and I think it was some 750-800 SS-20 warheads.

Q. [Inaudible; concerned NATO two-track decision and what comes first, deployment or talks.]

A. Let me emphasize that what we are talking about was precisely what was agreed upon in December 1979 and reaffirmed in Rome on the dual track. And the answer to your question is not a preconceived notion on the part of the United States but rather a direct measure of the progress we make with the Soviet Union and their willingness to arrive at some point as soon as these discussions begin, at some arrangements which have the effect of influencing the track of the two-track decision you are asking about. And I think my answer to the zero-option question is clearly related.

Q. [Inaudible; concerned Saudi Arabian eight-point program for a Middle East solution and other Middle East questions.]

A. I think we had three questions there. One was the American comment on Crown Prince Fahd's recent eight-point peace proposal for the Middle East. The second question, I think, I interpret to be as whether or not the Middle East remains an exclusive realm for the Soviet Union or the United States. I assume you mean by that a condominium arrangement? And the last question was the neutrality of Malta. With respect to the eight points, we, of course, welcome any proposals from whatever source that would offer a prospect for a lasting peace in the Middle East.

I discussed the eight-point proposal with His Royal Highness the Crown Prince in Spain on Saturday morning at some length. I think we have a shared prospective on these eight points. We, on our side, as a result of the meetings in Washington between President Sadat and Prime Minister Begin, rededicated to continuing within the Camp David framework with the autonomy talks which will commence under, I think, an increased impetus and momentum this September 21 and 22 in Cairo where the United States will be a full partner and will be represented. And I am hopeful there will be progress along those lines.

With respect to the exclusive realm or condominium question, it would be presumptuous and incorrect to suggest that the Middle Eastern area or region is the exclusive purview of two super powers that you mentioned. Review the Middle East as an area of responsibility for the people of that region, first and foremost. But we are also concerned when external threats develop to the independence and sovereignty and freedom of the peoples of that region, from whatever source.

Third, with respect to Malta, the Maltese orientation is a measure of the decision of the people of Malta to make and not for some outside visitor from Washington.

Q. Yesterday in your speech you suggested strongly that the Soviets are using chemical weapons in Southeast Asia. Can you offer us anything more in the way of proof? And how do you react to the Soviet denials?

A. As I pointed out yesterday, a rather detailed statement is being made in Washington today with respect to this situation. I happen to have gone over the text of that statement this morning. I am very comfortable with it, but that is the venue, that is the location where this issue will be discussed further. And as I emphasized yesterday, all the evidence now held by the United States is being transmitted to the United Nations for introduction into the special investigating committee that has been formed. And I would like to leave it right there.

Q. Regarding the peace movement, is it a dangerous tendency?

A. No, I think I commented on that subject at some length yesterday in my speech in West Berlin. Clearly, very serious and knowledgeable people are extremely concerned today as they watch the level of armaments grow, and what could be described as a mindless way between East and West. We are all seriously concerned about these trends. Where we sometimes have differences—and they are genuinely held differences—is how best to prevent the utilization of these armaments; it's not the armaments themselves. They are not evil in their own rights. It's the use to which they may be put. And these are differences between serious people.

It has always been my view that conflict emerges when imbalances, real or perceived, develop between people with genuine differences. And one can only say that we are in a competitive stage with the Soviet Union today—and we'll remain so for an extended period—and, therefore, if the West unilaterally refrains from maintaining its attention to necessary military balances, we may be, indeed, inviting the use or the weaponry which concerns us so much today. History is replete with stark examples of such self-decision. So I don't view this as anything more than an objective assessment by honest people how best to achieve the same outcome. It is the obligation of those in government and those who hold other views to reiterate those views as thoroughly and convincingly as they can. I attempted to do that to some degree in West Berlin yesterday.

Q. Has there been anything in the talks with Chancellor Schmidt and Foreign Minister Genscher which could alter the way in which America approaches the upcoming talks with Mr. Gromyko?

A. I think we always benefit from the kinds of consultations that we have been conducting here in Bonn and with our other European partners. They always have an impact on our judgments with respect to positions we take in East-West relations and alliance-related matters, and, indeed, with Third World relationships as well. The answer to your question is, "of course." And that's the way it should be if consultation is to be true consultation.

Q. There is nothing you could specify?

A. I would not give you a check list. I would also be less than frank if I were to suggest to you that, fundamentally, our basic views do not converge. There are nuancial differences, differences in concern about one issue or another and I think you know some of them—some are in the economic area, some are in the rhetorical area. But I think, basically, there is a fundamental convergence. And from that I draw nothing but great encouragement as a result of my visit here.

Q. [Inaudible; concerned the United States having global interests, with Europe being only one of several areas Washington has to deal with.]

A. Who were you quoting, please? Mr. Allen [Richard V. Allen, Assistant to the President for National Security Affairs]. Then it goes without question, I agree. Let me not leave you with a dum-dum response. It is true that America is a global power. It is true that the United States has responsibilities in Asia, in Latin America, in the Middle East, and that in the pursuit of those responsibilities it involves sacrifice and resources from the United States. And I think what Mr. Allen was pointing out to a European audience was that America's sacrifices and burdens in the security area are not exclusively here in the NATO context. That's always been so, and I think all of us here in Europe—and I use that word "us" thinking in my former position—benefit immeasurably from that, very importantly. And especially as the world becomes increasingly independent, there is no conflict between that reality and the partnership concept which must underlie not only the NATO alliance but the Atlantic community of nations as well—those of us who share common values.

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[1] Press releases related to this trip and not printed here are Nos. 306, 308, 309, and 310 of Sept. 15, 1981, and 313 of Sept. 17.

[2] Press release 307 of Sept. 15.

[3] Press release 300 of Sept. 12.

[4] Press release 300A of Sept. 15.

[5] Press release 314 of Sept. 17. ■

President's Letter to President Brezhnev

DEPARTMENT STATEMENT, SEPT. 22, 1981[1]

On September 22, President Reagan sent a letter to Soviet President Brezhnev outlining his views on the future of U.S.-Soviet relations and describing his desire for a constructive relationship with the Soviet Union that will lead to a free and more peaceful world community.

I cannot give you a copy of the letter. What I can do is give you a sense of its contents and perhaps put it in the general themes in which the President addressed President Brezhnev. The general thrust of it is as follows.

The United States is vitally interested in the peaceful resolution of international tensions and in a stable and constructive relationship with the Soviet Union. To achieve better U.S.-Soviet relations, the United States is fully prepared to discuss with the Soviet Union the entire range of issues dividing the countries; to seek significant, verifiable reductions in nuclear weapons; to expand trade; and to increase con-

Saudi Security, Middle East Peace, and U.S. Interests

by Secretary Haig

Statements before the Senate Foreign Relations Committee.[1]

OCT. 1, 1981[2]

For several months we have been working with the Saudis to develop arrangements that will meet the concerns that the Congress has expressed about the proposed arms sales to Saudi Arabia. These discussions have now been concluded. We believe that the resulting understandings which will come into effect after consummation of the sale will insure the security of the airborne warning and control system (AWACS) and the degree of continuing U.S. participation in Saudi AWACS operations that respond to the fundamental concerns about the sale that have been raised during the course of our consultations with the Congress.

Understandings on AWACS

The Saudis have agreed to insure an important U.S. role in the development of the Saudi air defense system and to move forward in other ways to deepen the longstanding security cooperation between our two countries in which we have played a key role in training the Saudi Air Force. Within this framework, we have reached understandings on a number of specific provisions governing the AWACS aircraft that provide important benefits for U.S. security interests. These arrangements have been reached in the context of firm Saudi agreement on information sharing, security of equipment, no unauthorized transfer of data or equipment, and use of the AWACS only in a defensive mission within Saudi borders. This means:

- There will be complete data sharing with the United States on a continuous basis.
- There will be no sharing of AWACS data with any other parties without U.S. consent.
- Only carefully screened Saudi and U.S. nationals will be permitted to be involved with these aircraft. Given the shortage of Saudi aircrews and technicians, this means that there will be an American presence in the aircraft and on the ground well into the 1990s.
- There will be no operation of Saudi AWACS outside Saudi airspace.
- There will be extensive and elaborate security measures for safeguarding equipment and technology, including U.S. inspection teams which will monitor the performance of all equipment associated with the AWACS sale and special facilities which will be constructed to provide round-the-clock security protection against unauthorized entry.
- All of the agreed arrangements for protecting the security of AWACS must be approved by the United States at least 1 year before any AWACS are delivered to the Saudis.

Taken together, this package of safeguards and agreements addresses the fundamental concerns that have been voiced about the sale and also reflects a Saudi willingness to work with us and engage our mutual concerns.

American Strategy

Far more is involved in the proposed arms sales to Saudi Arabia than the technical capabilities of five aircraft. At stake is whether the United States will be able to pursue a coherent policy in a region where the Arab-Israeli dispute divides our closest friends and where the Soviets and their proxies threaten our vital interests.

Our strategy must vigorously pursue both peace and security. Progress toward each of these twin goals supports progress toward the other. If our friends are more secure, they will be more able to take risks for peace. If there is progress toward peace, the cooperation that is vital for security will be easier.

The "consensus of strategic concern" among our friends in the Middle East is not a figment of the imagination. The fragile cease-fire along the Israeli-Lebanese border demonstrates a widespread understanding of the need for peace and a recognition that only the Soviet Union and its proxies benefit from violence. Israeli restraint and Saudi cooperation have brought about a result crucial to progress toward a wider peace in the region. There are many people who are alive in the Middle East today because of those efforts. We will continue, through the efforts of Ambassador Habib [Philip C. Habib, President Reagan's special emissary to the Middle East] and the good offices of Saudi Arabia, to seek progress toward peace in Lebanon.

The most important cooperation in the Middle East today is the cooperation between Israel and Egypt in the peace process. President Reagan has affirmed his personal commitment to the Camp David agreements and the process they have set in motion. We welcome enthusiastically the decision by Egypt and Israel to resume the autonomy negotiations, and we look forward to the fruits of those negotiations.

In the wake of the shocks of the last few years, countries in the region also recognize the need for greater cooperation to rebuild regional security. Developing Egyptian and Israeli security cooperation with the United States, the Gulf Cooperation Council that has been newly created under Saudi leadership, and Saudi security assistance to a number of threatened states, are all signs of this growing recognition.

Our policy is to pursue enhanced security cooperation with all of our friends in the region. We do not seek a massive structure of bases, a pervasive presence, and dependent client states. We respect the sovereignty of our friends and want to help them preserve their independence.

Vital U.S. Interests

Our regional strategy consists of the following elements:

- Improving our own military position in and near the region;
- Strengthening the defense capabilities of our friends;
- Restoring confidence in the United States as a reliable partner; and
- Pursuing a permanent peace in the region.

The proposed sale contributes importantly to each of these elements.

First, the information-sharing arrangements will also provide U.S. forces early warning of hostile activities in the gulf. Moreover, the associated infrastructure to support U.S. deployment, should our assistance be requested in times of crisis, would be in place.

Second, the package will bolster Saudi capabilities to defend their country and their crucial oil facilities.

Third, it will also demonstrate that we take Saudi security needs seriously and can be counted on to help.

Fourth, a secure Saudi Arabia confident of U.S. support will be better able to proceed with its policy of encouraging all parties to move toward peace in the region.

We must not underestimate the range and severity of the unpredictable threats that arise in this turbulent region. Twice in less than 2 years the United States has had to deploy AWACS to Saudi Arabia in response to unexpected threats—first during the Yemen crisis in 1979 and then during the Iraq-Iran war. Qadhafi has threatened to destroy Saudi oil facilities if the Saudis continue to maintain production levels that undercut Libya's high oil prices. This morning's Iranian air raid on Kuwait is dramatic evidence of the continued threat to the region's stability.

For all these reasons, we believe the proposed sales serve vital U.S. interests. We recognize that the sales raise questions about Israeli security and about the compromise of advanced U.S. technology. In both cases, however, we believe that these concerns have been effectively accommodated by the arrangements I have just described and by our security and intelligence assistance to Israel.

The United States is fundamentally and unalterably committed to the security of Israel. A strong Israel is required by our interests and our hopes for peace and security in the Middle East. For our part we are determined to take steps to minimize any adverse impact of the sale and to maintain the qualitative edge upon which Israel depends.

President Reagan would not have authorized this sale if he believed it would jeopardize Israel's security. On the contrary, we believe that the risks for Israel are greater if U.S.-Saudi cooperation is disrupted and Saudi Arabia is left insecure or forced to turn elsewhere for equipment.

Consider the risks of not making the sale. A veto would deal a serious setback to our efforts to counter Soviet and Soviet-proxy threats in the region and to move forward in the peace process.

A veto would erode both U.S. and Saudi credibility. It is urgent to convince local countries that the United States has the military means to protect them and the will to do so. Strength and the capacity for decisive action are universally admired and perhaps nowhere more than in the Middle East. Yet increasingly over the last few years, the states of this region have come to view us as vacillating and irresolute. Unless we change that perception, the costs of withstanding Soviet and radical pressures will outweigh the benefits of cooperating with us.

We have begun to reverse the trend of rising doubts about the United States. Our determination to rebuild our military strength; our strategic discussions with our regional friends; our commitment to the Camp David peace process, including our participation in the Sinai multilateral peacekeeping force; our increased security assistance to threatened states have all begun to restore our reputation as a reliable partner.

These positive trends will be damaged if the sale is turned down. Saudi confidence in the ability of the United States to conduct a coherent and effective foreign policy will be diminished. The painstaking task of restoring confidence and hope will, of necessity, have to begin again.

The United States and Saudi Arabia will remain bound together by common desires to avoid regional conflict and to counter Soviet threats. But if the Saudis question our reliability, will they feel more able to withstand pressure against closer cooperation with us in regional defense efforts? Will they feel more able to run risks and join the peace process? More willing to continue to help other threatened states? As President Sadat of Egypt himself said yesterday: "A refusal to give the AWACS will raise a huge question mark because Saudi Arabia is one of the closest American friends in the region."

The Saudis have shown sensitivity to our concerns far more than other suppliers would ask of them. We, for our part, must also show sensitivity for legitimate Saudi concerns about their sovereignty and independence. Let me emphasize that this is not simply a matter of national pride on their part. It is a matter of sustaining credible and constructive Saudi leadership as a moderating influence in the Arab world.

We must not lose the opportunity we now have to work with a strengthened, confident Saudi Arabia that enjoys increasing influence in the Arab and Islamic world. The large and continuing U.S. role in the Saudi air defense program, and the measures I have described today, can and must be the foundation for further cooperation to protect our common interests in the vital Persian Gulf region.

Now it is for you to promote that prospect by your favorable decision on this crucial sale. Protecting our vital interests against the Soviets and their proxies demands no less. Building a lasting peace demands no less. In the end, your approval will make the United States and all of our friends in the area more secure.

OCT. 5, 1981[3]

I want to say a few words about two key points of difference between those who support the President's decision on arms sales to Saudi Arabia and those who apparently oppose it.

Given all the controversy, there is a surprising amount of agreement. We are united in our desires to strengthen peace and security in the Middle East. We are united in our commitment to preserving a strong and secure Israel. We agree about the need to improve our capability to deal with the greatly increased military threats to this vital region.

We agree about many specifics as well. We all agree that having AWACS (airborne warning and control system) information available to U.S. forces in the Persian Gulf region is in our interests now and will remain so in the future. We all agree that it might be militarily desirable if we could have the degree of assured joint control that would permit us to put the most advanced technology available on board these aircraft. We all agree, as Senator Biden put it, that there will be damage done if this proposed sale is disapproved.

Why, then, is there so much disagreement about what we should do, when there is so much agreement not just on broad objectives but on specific details? Obviously, when difficult considerations must be balanced, there is plenty of room for honest disagreement. However, it seems to me that some who oppose this sale may be in danger of comforting themselves with two dangerous illusions.

First is the illusion that instead of the proposed sale we could have some kind of joint command arrangement that would permit the sale of AWACS with all of the most advanced and sensitive gear on board.

Second is the illusion that, even if this sale is not approved, the damage to U.S.-Saudi relations can be easily repaired because we will still have so many common interests.

Romania our relationship has grown to the point that our bilateral trade exceeds $1 billion per year and the exchange of presidential visits has become a frequent phenomenon. We have consulted particularly closely with Poland during its current economic difficulties and have granted debt relief and emergency credits for the purchase of agricultural commodities.

While Czechoslovakia, Bulgaria, and the German Democratic Republic do not receive MFN tariff treatment and are not eligible for U.S. Government-supported credits, our trade relations with each of these countries have continued to expand in recent years. These countries are becoming more important markets for U.S. exports and particularly for agricultural commodities. We are currently involved in intensive negotiations with Czechoslovakia to settle outstanding claims of American citizens against that country. We are encouraged by the constructive attitude which the Czechs have shown in these negotiations and are hopeful that a final agreement can be reached in the near future.

Major Items in U.S.-Soviet Trade, 1980

U.S. Exports

Total	$1,500 million
Corn	662
Wheat	336
Special industrial machinery	105
Articles of rubber and plastic	64
Road vehicles and parts	58
Inedible crude material (except fuel)	56
Agricultural and construction tractors	52
Industrial machinery	49
Soybeans	45

U.S. Imports

Total	$453 million
Special inorganic compounds and aluminum oxide abrasives	95
Silver, platinum, platinum group metals	90
Nonmonetary gold	88
Uranium and thorium	44
Nickel and nickel alloys	35
Artworks	28
Petroleum and products	17
Distilled alcoholic beverages	9
Base metals and alloys	7
Ores and concentrates of base metals	7

Source: Department of Commerce, EM 450/455, Dec. 1980; IM 150/IM 155, Dec. 1980.

Major Items in U.S.-Chinese Trade, 1980

U.S. Exports

Total	$4 billion
Wheat	1.
Cotton	.7
Corn	.2
Manmade fibers	.2
Aircraft	.15
Soybeans	.15
Fertilizers	.15
Textile yarn, fabric, articles	.13
Paper, paperboard	.13
Synthetic resins, rubber, plastic materials	.12

U.S. Imports

Total	$1 billion
Wearing apparel and accessories	.249
Textiles yarns, fabric, articles	.143
Petroleum and products	.134
Inedible crude materials	.126
Chemicals and related products	.107
Artworks	.038
Brooms, brushes, basketwork	.036

Source: Department of Commerce, EM 450/455, Dec. 1980; IM 150/IM 155, Dec. 1980.

China

The 1979 trade agreement with the People's Republic of China, extension of MFN, and the granting of government-supported credits have helped to fuel an expansion of our economic relations which has made China our most important trading partner among the centrally planned economy countries. Our total trade with China reached $4.8 billion in 1980. U.S. exports to China were $3.7 billion or approximately half the total of all U.S. exports to Communist countries.

We have a strategic interest in a secure, stable, and friendly China which is able to resist Soviet pressures. To advance this interest, we have eased—but not eliminated—restrictions on the sale of advanced equipment and high technology to China. Nevertheless, we will continue to operate on a case-by-case basis taking into account our security interests. We will also consult with Congress and will seek appropriate congressional action to end economic discrimination against China no longer consistent with our relationship. In this connection we are considering recommending amendments to the Foreign Assistance Act of 1961, the Agricultural Trade Development and Assistance Act (PL 480), and the Trade Agreements Extension Act (which prohibits imports of seven categories of furs from China and the U.S.S.R.). We have also proposed to the Chinese the establishment of a new joint commission on commerce and trade.

Cuba, Vietnam, North Korea, and Kampuchea

Very tight controls remain on trade with Cuba, Vietnam, North Korea, and Kampuchea. Export licenses for these countries are issued only in exceptional circumstances, particularly when humanitarian concerns are involved. We will be reviewing these controls in the near future as part of a general review of all foreign policy trade controls. Given Cuba's increasingly adventuristic military activities in support of Soviet expansionism, Vietnam's continued military occupation of Kampuchea, and extreme North Korean truculence, any liberalization of these controls is unlikely.

Benefits for U.S. Economy

I have previously noted the important noneconomic benefits which accrue to us as a result of our trade relations with many Communist countries. However, we must not lose sight of the fact that the principal returns on our East-West trade relationships are those which accrue to the U.S. economy. Our exports to the centrally planned economies (excluding Yugoslavia) totaled $7.6 billion in 1980 or roughly 3.4% of total exports. For the American farmer this trade was especially significant; agricultural sales were $5.05 billion or 14.4% of our total agricultural exports. The $5.1 billion surplus we enjoyed in our trade with the Communist world last year made a significant contribution toward improving the overall U.S. balance of payments. Exports to the centrally planned economies generate approximately 300,000 American jobs.

Most of the U.S. restrictions on trade with the Communist world are imposed for reasons of national security. I don't believe that I need to elaborate on the need to have national security controls on trade with these countries. Foreign policy controls imposed in the East-West trade area are relatively few. The most important of these are the controls pertaining to the sale of oil and gas exploration and production technology and equipment to the U.S.S.R. Other foreign policy controls include restrictions on the sale of crime control equipment (controlled for export to all countries other than NATO members, Japan, Australia, and New Zealand) and our very tight controls on trade with Cuba, Vietnam, North Korea, and Kampuchea. If all these controls were to be suddenly eliminated, the effect on U.S. exporters and our economy would be modest.

We maintain foreign policy controls to make clear to Communist governments that we will not completely insulate our economic relations from their behavior in other areas. When Communist governments take actions that are particularly repugnant to us, it is important that we react, preferably with the cooperation of our allies, in an area which will hurt them. While economic actions of this sort will invariably have costs, to us as well as to them, failure to take action when provoked may have a far higher price tag in the long run. Our readiness to take strong retaliatory action, including measures in the economic sphere, has helped to discourage inclinations to try to resolve the current situation in Poland by the use of outside military intervention.

It is critical that our export control policies be consistent and predictable. We are very much aware of how important these factors are for our exporters and for foreign customers of U.S. products. There have been difficulties in this regard in the past which this Administration will try very hard to remedy. Our objectives are to make export controls less burdensome to the businessman by speeding up the processing of export license applications and loosening controls of equipment not critical to defence-related industries.

Attitudes of U.S. Allies

Let me now turn to the attitudes of our major allies. Our NATO allies and Japan share our general political objectives in dealing with the Soviet Union, the other Warsaw Pact countries in Eastern Europe, and China. However, we do not always see eye-to-eye with our allies on the use of restrictive trade policies to promote these political objectives. There are several reasons for these differences. Geographic proximity, the need for raw materials, and marketing possibilities have turned Western Europe and Japan naturally toward trading with the COMECON [Council of Mutual Economic Assistance] countries and China. Many of our NATO allies have more extensive commercial links with the Soviet Union and Eastern Europe than does the United States, partly because of the belief that strong economic ties can moderate political attitudes and behavior among the Communist states. Unfortunately, in the case of the U.S.S.R., such moderation has not occurred and the era of detente has been a period of unprecedented growth of the Soviet military coupled with increased adventurism worldwide.

The Japanese and the West Europeans provide extensive government-supported export credits and/or insurance to promote their exports worldwide including to Communist countries. The Federal Republic of Germany has a special trading relationship with the German Democratic Republic. Our allies, in general, extend nondiscriminatory (most-favored-nation) tariff treatment to exports of Communist countries. For purely commercial reasons the European Community maintains quantitative restrictions against a fairly narrow range of Communist country products.

Our NATO allies have cooperated with the United States to control the export of strategic equipment and technologies to the Communist countries in Europe and Asia for over 30 years. Agreed controls are negotiated in the informal multilateral organization, COCOM. The COCOM embargo does not extend to oil and gas equipment and associated technology for the U.S.S.R. except to the extent that items embargoed for other reasons might also have oil and gas applications, for example, computers to process seismic data.

Our experience has demonstrated that export controls are more effective if supported by collective action. This was illustrated clearly by the U.S. economic sanctions imposed on the Soviet Union following that country's invasion of Afghanistan. Our major allies supported some, but by no means all, of those measures. It seems clear that those actions would have been more effective had the support for the U.S. efforts been greater. Because of that experience the United States, as well as our allies, are convinced of the need for contingency planning for future Soviet aggression. We have already worked with our allies on contingency planning in NATO and bilaterally. The Ottawa summit underscored the determination to continue such consultations.

open, well-functioning international economy. If, however, the system has to cope with too many short-term pressures, its long-run viability cannot be assured. That is the risk we face today. It is, therefore, clearly in the interest of all concerned to improve the international investment system by promoting its efficiency and openness and reducing various nationalistic actions.

There are a number of fora where these issues can be addressed. Specific situations can be dealt with bilaterally. For example, we have held, and will continue to hold, high-level consultations with Canadian and Mexican officials. In this regard, the U.S.-Mexico Joint Bilateral Trade Commission, which will next meet September 21, provides an excellent framework in which to discuss such issues.

In the GATT, we have proposed action on trade-related performance requirements such as value-added/local content rules and minimum export quotas. The 1982 GATT ministerial represents an excellent opportunity to establish the political momentum needed to address seriously such problems. The GATT's past attention to this subject has not been commensurate with its implications for the trading system.

In addition, the Development Committee of the International Monetary Fund and World Bank has completed an initial review of investment incentives, and the World Bank staff now proposes a major study on the matter. We are also seeking to strengthen and expand OECD work in these areas. Based on their 1976 investment understandings, the OECD countries could also seek to build a broader and deeper commitment to eliminating performance requirements and investment incentives. Certainly the developing countries, particularly the newly industrializing countries, should be brought into such a consensus via subsequent or parallel work.

The ultimate goal would be the development of an international investment framework consisting of meaningful understandings, and perhaps commitments, on these issues in various fora. We recognize that this will not be an easy task. A key factor is that the plethora of incentives and performance requirements and other restrictions differ qualitatively, thereby making more complex the problems involved in negotiating their elimination.

Services. As I noted in my discussion of investment trends, international investment in the services sector—banking, insurance, etc.—is increasing at a rapid rate. The growth of the services sector can play an important role in facilitating other types of investment. For example, international banks and insurance companies may be the only enterprises in their sectors with sufficient resources and expertise to finance and insure some foreign direct investments, particularly in developing countries. However, many countries do not accord these forms of investment the same treatment they accord to corresponding domestic enterprises. Instead, they provide special protection to their domestic banks and insurance firms. We believe that international direct investment, including investment in the services sector, should receive fair, equitable, and nondiscriminatory treatment.

Treatment of Investment. The United States believes in two basic tenets for treatment of investment: the national treatment principle and the most-favored-nation treatment principle. The national treatment principle holds that foreign investors should be treated no less favorably than domestic investors in like situations. The most-favored-nation treatment principle holds that the investors of one foreign country should be treated no less favorably than the investors of other foreign countries. The two principles have the common characteristics of reducing instances of discrimination directed at foreign investment.

We have worked bilaterally and multilaterally to achieve the widest possible acceptance of these principles and to extend the application of such treatment to a wider range of enterprises. A particularly important step in this process took place in 1976 when the United States joined other OECD member governments in participating in the consensus adopting a declaration and related decision on national treatment. The declaration and decision were reviewed and reaffirmed in 1979 by a consensus of OECD countries in which the United States also participated. The declaration states, in part:

> . . . that member countries should, consistent with their needs to maintain public order, to protect their essential security interests, and to fulfill commitments relating to international peace and security, accord to enterprises operating in their territories and owned or controlled directly or indirectly by nationals of another member country . . . treatment under their laws, regulations and administrative practices consistent with international law and no less favorable than that accorded in like situations to domestic enterprises . . .

Since the declaration and related decision on national treatment were adopted in 1976, progress has been made toward refining the concept, including a listing of those exceptions which now exist and their rationales. Continuing work is in progress with a stated goal of extending the application of national treatment over time. We strongly support a more active OECD effort in this area. The very existence of the declaration and related decision on national treatment has probably had some effect in discouraging member countries from implementing measures which would constitute new derogations from the principle. Moreover, at the request of the United States, joined by several other OECD member countries, the consultation procedures of the OECD instruments were used for the first time in March 1981, to hold formal OECD consultations on the discriminatory policies of Canada's national energy program. National treatment is clearly in the interests of all concerned as it is a critical element in fostering an attractive climate for foreign investment.

In addition, we believe strongly that investors should be accorded treatment consistent with international law, including nondiscriminatory treatment and prompt, adequate, and effective compensation in the event of expropriation. Investor confidence that host countries would adhere to international law and norms would significantly facilitate investment flows.

It is, in my judgment, the responsibility of the U.S. Government to provide full support for American investors who desire it in order to insure that the principles of national and most-favored-nation treatment and their rights under international law are adhered to by host governments. American investments abroad make a positive contribution to our own economy and to that of host nations. The U.S. Government cannot remain neutral while its citizens, who invest in other countries relying on their good faith to adhere to international principles and laws, find their interests threatened by derogations from such principles and laws. We believe in the concept of fair play. We practice it, and our investors abroad should expect no less.

Codes of Conduct. Over the last half decade, the United States has been participating in the development of international codes of conduct relating to multinational enterprises. The OECD and the International Labor Organization have developed general codes for multinational enterprises. The U.N. Conference on Trade and Development (UNCTAD) has promulgated a more narrowly focused code on restrictive business practices. In addition, a U.N. working group has completed draft provisions on about two-thirds of an overall U.N. code relating to the activities and responsibilities of transnational corporations and governments. However, hard issues remain to be resolved, such as those on nationalization and compensation, and it is not certain whether the negotiations will be successful. Negotiations on a code of conduct relating to the transfer of technology are presently stalled and the matter has been referred to the U.N. General Assembly for further consideration.

In the U.S. view, guidelines which affirm standards of good practice for both enterprises and governments can contribute to improved relations between firms and governments and may limit the tendency for unilateral government intervention in investment matters. Through appropriate provisions on nationalization and compensation, jurisdiction, and dispute settlement they may also be able to reduce conflicts between governments over investment issues, thereby facilitating the liberal climate for international investment which we seek. However, the United States can support only guidelines or codes that are voluntary; do not discriminate against multinational enterprises in favor of purely national enterprises; are balanced to include references to the responsibilities of governments as well as of multinational enterprises; and apply to all enterprises regardless of ownership—whether private, government, or mixed.

It appears that international interest in developing codes of conduct may well be diminishing as other investment issues, such as capital scarcity, have become more urgent. The principal investment issue is no longer controlling multinational enterprises but attracting investment by them.

Foreign Investment in the United States. The value of foreign direct investment in the United States has increased in recent years—28% in 1978 ($42.5 billion), 23% in 1979 ($54.5 billion), 20% in 1980 ($65.5 billion). (U.S. direct investment abroad, by contrast, is $213 billion.) Roughly one-third of the foreign direct investment in the United States is in manufacturing ($24 billion), wholesale and retail trade account for about 20%, and petroleum 19%. Real estate holdings by foreigners, while often publicized, amount to only about $2.5 billion. The largest single sources of foreign investment have been the Netherlands ($16 billion), the United Kingdom ($11 billion), and Canada ($9 billion). Less than $1 billion comes from the Middle East.

This investment has had a positive effect on many sections of our economy. It has helped to create jobs, added plant capacity and created new facilities, and brought in advanced technology and management skills. Moreover, additional inward investment flows will assist our economic revitalization efforts.

However, the recent rapid growth in this investment coupled with restrictions on and discrimination against U.S. investment in other countries are tending to generate pressures in the United States to control inward investment and/or regulate it on a more reciprocal basis. The reaction to Canada's restrictions against foreign investors, particularly in the energy sector, and the spate of new investments sought by Canadian firms in the U.S. minerals sector feed such pressures. There have been calls for prohibition on investment in specific sectors, greater screening of foreign investment, and the establishment of a reciprocity principle in U.S. treatment of investment.

Clearly, for the many reasons mentioned earlier, I believe that we should react strongly to unfair treatment of U.S. investment abroad. However, for a number of reasons, it is necessary to react in ways which genuinely serve our interests. Policies which would restrict inward investment, or retaliatory countermeasures, should be used only after all of their implications are weighed.

First, the ultimate results might adversely affect the United States as much as, or more than, other countries. We need to be cautious about limiting foreign investment because of the benefits from such investment. A secure and stable investment climate is one of the major strengths of our economy and a major source of our prosperity. Short-sighted or arbitrary actions which raise doubts among potential foreign investors would be harmful to our domestic economic interests. In the long run we might be the losers, not the country that we retaliated against.

Second, we must take into account the fact that the United States is also a large investor abroad and has been a major force in international trade. U.S. policies concerning foreign investment in the United States have a significant impact on the policies of other countries, and U.S. restrictions could invite retaliatory actions by others.

I, therefore, believe that while counterreactions of the type mentioned might in extreme cases be useful, we are clearly better served by policies that aim at the elimination of foreign practices that deviate from international norms than by policies of retaliation that could weaken these norms. With this principle in mind, we intend to take steps necessary to protect our rights and interests.

Conclusion

Many of the issues I have discussed today were nonexistent or only nascent just a decade ago. They have come to the fore over the last few years as a result of real economic forces, which are reflected in the investment trends I have outlined. The issues, such as investment incentives and performance requirements, must be addressed if we are to maintain and strengthen the open international investment system essential to global economic efficiency.

By their very nature, many of these problems will not lend themselves to easy solutions. In particular, urgent short-term national economic goals vary widely, thereby making more difficult the achievement of an international consensus on some of the issues. However, all countries have a stake in the long-term economic implications involved, and I believe that this common stake in the international economic system provides a good basis upon which to proceed in addressing these problems in earnest.

International fora, such as the OECD, the GATT, and specialized U.N. agencies will provide important arenas in which to tackle the problems involved. We must move soon from the discussion phase to a serious effort to develop and implement multilateral understandings and rules which reduce distortions of investment and move toward a more open global investment climate. This must be a major goal for the decade of the 1980s. ■

low, while the United States, as the largest consumer, refuses to join because it believes the price is too high and that consequently the agreement will be overwhelmed by surplus cocoa. Some may have believed the price range was unrealistic but signed the agreement anyway to avoid seeming obstructionist. They may have assumed the costs to them would be small, because such agreements have a history of breaking down.

Competition among producers has probably been the most important factor in the collapse of stabilization efforts. Producer incomes, of course, are determined not only by prices but also by sales volume. So even when the agreement sets a price range, producers continue to compete for market shares. Often producing nations are under balance-of-payments pressure. Sometimes they attempt to market some of their production by subterfuge outside the agreement. Market pressure almost always comes from producers who are not party to the agreement.

Have Commodity Agreements Enhanced Producer Prices?

Economic theory holds that raising commodity prices to artificially high levels will attract additional production, encourage substitution, and cut back quantities demanded. These reactions create surpluses, and they basically explain why the price increases achieved by international commodity agreements have been limited to the short run. In fact, many of the short-term gains have turned into long-term losses.

Historically, price enhancement was tried first by individual companies, which found they lacked the market power to maintain high prices. It has been tried by cartels of companies, which found their prices undercut by producers outside the cartels. It has been tried by governments, which found themselves undercut by producers in other nations. It has been tried by groups of producer nations, which found their markets invaded by nonmember nations. Finally, it has been tried by broad alliances of producer and consumer nations, which have not yet discovered mutual interests strong enough to survive long-term pressures.

Jere R. Behrman, writing "Stabilizing Prices Through International Buffer Stock Commodity Agreements" in *National Development*, May 1980, found that most of the organized international arrangements that have attempted to raise prices have been unsuccessful. He documented 51 attempts, which lasted a median 2½ years each. Even those which have been successful in the short run have not lasted long; 4 years has been their median duration. These relatively successful efforts have been associated with "higher concentrations of production and foreign trade"; more inelastic demand; fewer possibilities of short-term substitution; small cost differences among producers; and less government involvement.

The Problem of Increased Production

Increased production has plagued nearly every commodity agreement. No matter how high the proportion of existing production included in the agreement, output by producers both inside and outside the agreement tended to increase with the expectation of price enhancement and/or stability. Behrman concluded that organizations that had succeeded for a time broke down most often due to competition among the members, with competition from nonmembers the second most frequent cause.

The international commodity agreements have tried to deal with the nonmember competition problem in two ways: by signing up nonmembers and by including importing nations in the agreements. Neither approach has worked very well. Frequently nonmembers can only be enticed into the agreement through attractive quotas or other inducements that dilute the benefits available for the existing members. When importers are included in the agreements, it is often difficult to agree on price objectives (the recent cocoa and coffee negotiations illustrate this).

Competition From Synthetics and Substitutes

The problem of synthetics and substitutes may be even more intractable in the long run. Modern technology has produced major competitors for nearly every primary commodity (see Table 1). Sugar is the most recent commodity to come under heavy attack from a synthetic product (the new high-fructose corn sweeteners), and copper is probably under the most varied attack, from a whole host of technological innovations.

For some commodities, the synthetics and substitutes have essentially set the long-term market prices for the primary commodities—as in rubber and jute. In most markets, the substitutes are an important price factor, as in tin, sugar, and copper. The beverages—coffee, cocoa, and tea—are the only major commodity group whose markets have not been seriously constrained by outside competitors, although cocoa has felt the impact of extenders.

International Commodity Agreements as Aid Mechanisms

One of the arguments made for international commodity agreements is that

Table 2
Past and Projected Rates of Export Growth by Broad Product Groups
(in constant 1975 prices)

	World	LDCs	World	LDCs	Percent of LDC Exports			Percent Share of Increase	
	1960–75	1960–75	1975–85	1975–85	1960	1975	1985	1960–75	1975–85
Fuel and Energy	6.3	6.2	3.6	3.4	39	40	30	42	18
Agricultural Products	4.2	2.6	4.4	3.1	43	27	20	16	12
Non-fuel Minerals	3.9	4.8	4.2	5.8	7	7	7	6	6
Manufactures	8.9	12.3	7.8	12.2	11	26	43	36	64
Total Merchandise	7.1	5.9	6.4	6.4	100	100	100	100	100

Source: World Bank, *World Development Report, 1978*, Tables 13 and 25, and unpublished projections for future WDR issue.

they can transfer income from wealthy nations to poor ones. However, commodity agreements have some serious limitations as aid mechanisms.

- Price benefits are distributed among recipient nations on the basis of their production rather than their need.
- A commodity agreement price policy fails to target any economic, political, or social goals within a recipient country. Coffee price supports, for example, may benefit the plantation owners more than the coffee workers. A U.S. Agency for International Development grant, on the other hand, can be targeted more selectively.
- Producing nations will be encouraged to increase production, increasing the costs of the aid and/or diluting the benefits.

The International Coffee Agreement of the late 1960s and early 1970s came closest to the idea of transferring resources from wealthy importing states to developing exporters. It probably transferred $500–600 million per year. Even in this agreement, however, the producer-consumer compromise broke down rather quickly. Coffee drinkers rebelled when they felt prices had risen too high.

Conclusions and Policy Implications

The prices of primary commodities probably will continue to fluctuate widely in response to demand, competition, and long-term production costs. Recent international commodity agreements have not succeeded beyond the limited goal of protecting modest price floors for relatively short time periods, and there is little prospect that future commodity agreements will be more effective. Even if an agreement got full government financing, competition among producers for increased market shares and external competition from substitutes might drive costs to politically untenable levels. Moreover, the benefits of true stabilization are seldom sufficient to overcome the diversity of interests among affected nations.

There is virtually no evidence to indicate that primary commodities can be utilized to generate much larger amounts of development capital for LDCs. The International Tin Agreement is often pointed to as the most successful of the agreements. It has effectively defended its floor price over a long period (aided by Malaysia's ability to shut down its gravel-pump tin production when prices are unattractive). The real price of tin has also trended upward, albeit erratically. However, tin producers have often been squeezed between rising labor costs and the prices of competing materials. If tin is, indeed, the outstanding success story among recent international commodity agreements, then such agreements hardly seem to offer LDCs a powerful force for economic growth.

Based on analysis of supply and demand projections for primary commodities and on the lack of success in UNCTAD's integrated program for commodities, expansion of manufacturing appears to be a far more promising development strategy than reliance on exports of primary products under the aegis of international commodity agreements. In "The Changing Composition of Developing Country Exports," staff working paper 314 of January 1979, the World Bank notes that LDC exports have shifted dramatically toward manufactured goods in the last 15 years. Manufactures now account for nearly half of LDCs' non-oil exports. If the expansion of manufacturing continues over the next few years, the World Bank projects it will lead to an export growth rate for LDCs roughly equal to that of the rest of the World. The Bank notes that the greatest success to date has been achieved by the most advanced LDCs, but that this situation is changing rapidly as increasing numbers of LDCs move toward manufacturing (see Table 2).

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[1] Although a major exporter of subsidized beet sugar, the EC is not a member of the agreement. Discussions over EC entry into the International Sugar Agreement are currently stalled, because agreement controls would require substantial modification of EC policy concerning sugar subsidies and exports. ■

tacts at all levels of our societies. However, the United States is more interested in actions than in words which further the cause of peace.

It is necessary to emphasize that a truly stable and constructive relationship must be built upon restraint and reciprocity, quite frankly, we believe, elements which have been missing from many Soviet actions in recent years. These are two aspects of such Soviet actions which have been of particular concern to the United States:

- The U.S.S.R.'s unremitting and comprehensive military buildup over the past 15 years, a buildup far exceeding Soviet defensive needs and one which carries disturbing implications of a search on the part of the Soviet Union for military superiority and
- The Soviet Union's pursuit of unilateral advantage in various parts of the world through direct and indirect use of force in regional conflicts—the role of Cuba in Africa and Latin America is particularly destabilizing.

Needless to say, the United States is also highly concerned about the situation in Poland. It is our strongly held view that this situation can only be dealt with by the Polish people themselves. Any other approach would have serious consequences for all of us.

Despite these disturbing trends, the United States is committed to a dialogue with the U.S.S.R. on critical, geopolitical issues and to negotiations that would lead to genuine arms reduction.

We are looking forward to the coming meeting in New York between Secretary of State Haig and Foreign Minister Gromyko, as we are hopeful that these meetings will start just such a process. Specifically, we hope the meeting will produce agreement on the time and place for negotiations between our two countries on theater nuclear forces. The United States is strongly committed to achieving a military balance in this area—a balance which has been upset by the unprecedented buildup of Soviet SS-20 missiles.

We, our allies, and other nations have proposed negotiated solutions to significant problems that threaten world peace, such as the presence of occupation forces in Afghanistan and Kampuchea. As we have stated at the CSCE [Conference on Security and Cooperation in Europe] meeting in Madrid, we also are prepared to participate in negotiations to fashion a coherent system of commitments on European security that are both verifiable and militarily significant. We have made or we support concrete proposals for progress in all three of these areas, but the Soviet Union has turned its back on all of these proposals for negotiations.

While committed to a stable and peaceful world, the United States is not willing to accept a position of strategic disadvantage which will endanger our free society. The United States does not want to tax our citizens and economy with a costly, burdensome arms race, but we will invest whatever is necessary to maintain a secure strategic posture. The United States is fully prepared to take into account legitimate Soviet interests, if the Soviets are willing to do the same with ours.

In sum, the United States is hopeful that we can succeed in establishing a framework of mutual respect for each other's interest and a mutual restraint in the resolution of international crises, a framework that will create a more solid and enduring basis for U.S.-Soviet relations than we have ever had before.

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[1] Made available to news correspondents in New York by Department spokesman Dean Fischer. ■

Forgery, Disinformation, and Political Operations

The following paper was prepared in October 1981 by the Department of State in response to requests for information from a number of individuals, private groups, and foreign governments.

In late 1979, agents of the Soviet Union spread a false rumor that the United States was responsible for the seizure of the Grand Mosque of Mecca.

In 1980, a French journalist was convicted by a French court of law for acting as a Soviet agent of influence since 1959.

In August 1981, the Soviet news agency TASS alleged that the United States was behind the death of Panamanian leader Omar Torrijos.

These are three examples of a stream of Soviet "active measures" that seek to discredit and weaken the United States and other nations. The Soviets use the bland term "active measures" (*aktivnyye meropriyatiya*) to refer to operations intended to affect other nations' policies, as distinct from espionage and counterintelligence. Soviet "active measures" include:

- Written or spoken disinformation;
- Efforts to control media in foreign countries;
- Use of Communist parties and front organizations;
- Clandestine radio broadcasting;
- Blackmail, personal and economic; and
- Political influence operations.

None of this is to be mistaken for the open, accepted public diplomacy in which virtually all nations engage extensively. Public diplomacy includes providing press releases and other information to journalists, open public broadcasting, and a wide variety of official, academic, and cultural exchange programs. By contrast, Soviet "active measures" are frequently undertaken secretly, sometimes violate the laws of other nations, and often involve threats, blackmail, bribes, and exploitation of individuals and groups.

Soviet "active measures" do not always achieve Moscow's objectives. In some cases, Soviet operations have failed because of ineptitude or because targeted individuals or governments have responded effectively. However, Soviet "active measures" have had some success, and they remain a major, if little understood, element of Soviet foreign policy.

The approaches used by Moscow include control of the press in foreign countries; outright and partial forgery of documents; use of rumors, insinuation, altered facts, and lies; use of international and local front organizations; clandestine operation of radio stations; exploitation of a nation's academic, political, economic, and media figures as collaborators to influence policies of the nation.

Specific cases of Soviet "active measures" included here are: the Soviet anti-theater nuclear force (TNF) campaign in Europe; the Soviet anti-"neutron bomb" campaign; Soviet activities in support of the leftists in El Salvador; the Soviet campaign against the U.S.-Egypt relationship and the Camp David process.

"Active measures" are closely integrated with legitimate activities and Soviet foreign policy. Decisions on "active measures" in foreign countries are made at the highest level of authority in the U.S.S.R.—in the Politburo of the Communist Party Central Committee—as are all other important decisions of Soviet foreign policy.

The activities are designed and executed by a large and complex bureaucracy in which the KGB and the International Department of the Communist Party of the Soviet Union (CPSU) Central Committee are major elements. The International Information Department of the CPSU Central Committee is also deeply engaged in such activities. Actual operations abroad are carried out by official and quasi-official Soviet representatives, including scholars, students, and journalists, whose official Soviet links are not always apparent. The highly centralized structure of the Soviet state and the state's pervasive control and direction of all elements of society give Soviet leaders impressive free use of party, government, and private citizens in orchestrating "active measures."

The open societies of the industrial democracies and many developing nations, and the ease of access to their news media, often give Soviets open season for "active measures." Many Western and developing countries ignore or downplay Soviet "active measures" until Soviet blunders lead to well-publicized expulsions of diplomats, journalists, or others involved in these activities. The Soviets are adept at making their policies appear to be compatible or parallel with the interests of peace, environmental, and other groups active in Western and developing societies.

By contrast, the Soviet Union denies access to its mass media for foreigners who might criticize Soviet society or the foreign policies of the U.S.S.R.

While the United States remains the primary target, Moscow is devoting increasing resources to "active measures" against the governments of other industrialized countries and countries in the developing world. Moscow seeks to disrupt relations between states, discredit opponents of the U.S.S.R., and undermine foreign leaders, institutions, and values. Soviet tactics adjust to changes in international situations but continue, and in some cases intensify, during periods of reduced tensions.

"Active Measures" Techniques

The tactics and emphasis of Soviet "active measures" change to meet changed situations. For instance, Soviet use of Marxist-Leninist ideology to appeal to foreign groups often turns out to be an obstacle to the promotion of Soviet goals in some areas; it is now being deemphasized though not completely abandoned. At the same time, some religious themes—notably the Soviet assertion that the Islamic religion occupies a favorable position in the U.S.S.R.—have assumed greater significance, as Moscow courts Islamic countries in Africa and the Middle East.

Similarly, while Soviet-dominated international front groups still are important in Soviet "active measures" abroad, Moscow is broadening its base of support by using more single-interest groups and fronts formed for particular purposes to promote its goals.

Soviet "active measures" involve a mix of ingenious and crude techniques. A brief sample of types of activities includes the following.

Efforts to Manipulate the Press in Foreign Countries. Soviet agents frequently insert falsely attributed press material into the media of foreign countries. In one developing country, Soviets used more than two dozen local journalists to plant media items favorable to the U.S.S.R. Soviets have also used the Indian news weekly *Blitz* to publish forgeries, falsely accuse Americans of being CIA personnel or agents, and disseminate Soviet-inspired documents. In another country, the Soviets used local journalists to exercise substantial control over the contents of two major daily newspapers.

Forgeries. Soviet forgeries—completely fabricated or altered versions of actual documents—are produced and circulated to mislead foreign governments, media, and public opinion. Recent Soviet forgeries are better and appear more frequently than in the past. Among forgeries that Soviet agents have produced and distributed are bogus U.S. military manuals and fabricated war plans designed to create tensions between the United States and other countries. In some cases, the Soviets used actual documents passed to the KGB by U.S. Army Sergeant Robert Lee Johnson (who was eventually arrested and convicted as a Soviet agent) as models for style and format in Soviet forgeries. In one case, Soviet agents, seeking to disrupt NATO theater nuclear force modernization, circulated a forged "top secret" letter from Secretary of State Cyrus Vance to another Western foreign minister.

Disinformation. Soviet agents use rumor, insinuation, and distortion of facts to discredit foreign governments and leaders. In late 1979, Soviet agents spread a false rumor that the United States was behind the seizure of the Grand Mosque of Mecca. In another case, Soviet officials "warned" officials of a West European country that the CIA had increased its activities in the country and that a coup was being planned. Sometimes these disinformation campaigns appear in foreign media suborned by the Soviets, enabling Moscow to cite foreign sources for some of the distortions and misstatements that often appear in the Soviet media. A recent and particularly egregious example was the August 1981 TASS allegation that the United States was behind the death of Panamanian General Omar Torrijos.

Control of International and Local Front Organizations. Moscow controls pro-Soviet international front organizations through the International Organizations Section of the International Department of the CPSU Central Committee. Front organizations are more effective than openly pro-Soviet groups because they can attract members from a broad political spectrum. Prominent among these fronts are the World Peace Council, the World Federation of Trade Unions, the World Federation of Democratic Youth, and the Women's International Democratic Federation. Moscow's agents use Soviet "friendship" and cultural societies in many countries to contact people who would not participate in avowedly pro-Soviet or Communist organizations. The function of front, "friendship," and cultural groups is to support Soviet goals and to oppose policies and leaders whose activities do not serve Soviet interests.

To complement organizations known for pro-Soviet bias, the Soviets sometimes help establish and fund ad hoc front groups that do not have histories of close association with the Soviet Union and can attract members from a wide political spectrum.

Clandestine Radio Stations. The Soviet Union operates two clandestine radio stations: the National Voice of Iran (NVOI) and Radio Ba Yi, which broadcast regularly from the Soviet Union to Iran and China. Moscow has never publicly acknowledged that it sponsors the stations which represent themselves as organs of authentic local "progressive" forces. The broadcasts of both of these Soviet stations illustrate the use of "active measures" in support of Soviet foreign policy goals. For instance, NVOI broadcasts to Iran in 1979–80 consistently urged that the American diplomatic hostages not be released, while Soviet official statements supported the hostages' claim to diplomatic immunity.

I share Senator Glenn's desire to see the best air defense capability possible, one that can most readily assist our own military operations in the event of a major crisis in the Persian Gulf. But let me say that we are in great danger of letting the best become the enemy of the good. The kind of joint command that he is talking about is simply not possible now. Therefore, there is absolutely no point whatsoever in comparing the present proposal with some imaginary, even if highly desirable, joint command arrangement.

The arrangements that would govern these proposed sales are the product of long and detailed discussions between the United States and Saudi Arabia. Attached to my statement is a chart that compares the arrangements for this sale with the terms of a standard letter of offer and acceptance that governs most U.S. arms sales. As you can see, very clearly, these arrangements go far beyond anything that is normally contained in a military sales agreement.

The choice before you is not between these agreed arrangements and some still more favorable ones. The issue is whether U.S. interests are better served by the kind of surveillance system we are proposing or by the kind of system that would be supplied by Britain or by some other third country.

Proposed Saudi AWACS Sale Terms and Conditions

	Standard Agreement	Saudi Additions to Standard Agreement
Use of AWACS	Defensive use only	1. No flights outside borders (without U.S. prior consent)
Security of Technology	Protect classified equipment with procedures similar to U.S. procedures	1. U.S. Government approval of security plan 2. U.S. Government inspections 3. High technology security facilities 4. Only U.S. and Saudi personnel have access to equipment and documentation 5. New information security agreement 6. Computer software (machine language) remains U.S. Government property
Third-country Transfers	No transfer of equipment without U.S. Government approval	1. Third-country modifications to equipment forbidden 2. Third-country personnel forbidden to perform maintenance
Information Sharing	None	1. AWACS data exchanged between United States and Saudi Arabia at all times 2. No AWACS data to other countries without prior and mutual consent of United States and Saudi Arabia

- Is it better to have assured access to the radar information of this system or to have no assurance of access whatsoever?
- Is it better to have the assurance that no information from this system will be passed to third parties without our consent or to have a system with no such control at all?
- Is it better to have a system in which Americans play a critical role and from which third-country nationals are excluded or to have a system in which our place is taken by British or French—or, for that matter, by any other third-country nationals who might be brought in to operate a non-U.S. system?
- Is it better to have AWACS early warning information available to U.S. forces in the region, from now into the indefinite future, or to lose this early warning when we withdraw the U.S. AWACS that, at Saudi request, are currently deployed because of the Iran-Iraq conflict?
- Is it better to have a system that can be rapidly upgraded in an emergency and which provides the infrastructure to deploy additional AWACS aircraft of our own if needed or to have none of those advantages and to create a political obstacle to the deployment of our own AWACS, both now and in the future?

It seems to me that the answers to all of these questions are simple and obvious.

More advantageous arrangements can be imagined, but they are just not possible. At least not now. And they will not be made more possible by defeating the present proposal.

If the President receives your support on this proposal, I am optimistic that our security cooperation with Saudi Arabia will grow still closer in the future. But the prospects for such cooperation will be set back badly if this sale is defeated. Be under no illusions about that.

I urge you also not to comfort yourselves with the illusion that the Saudis have no place else to go; or with the thought that damage to U.S.-Saudi relations can be repaired over time.

Without question, we will continue to have far-reaching common interests with Saudi Arabia even if this sale is defeated. It would be irresponsible for me to utter prophesies of doom, prophesies that could all too easily become self-fulfilling. But make no mistake, it would be irresponsible in the extreme to succumb to illusions about the real alternatives facing us.

The question is not whether Saudi Arabia will join the ranks of our enemies. The Saudis have been far ahead of us in recognizing and warning against the Soviet threat to the Persian Gulf. The question is whether Saudi Arabia will withdraw from a moderating leadership role in Arab and Islamic councils and seek instead the protection that a lower profile affords.

Over the last year, Saudi Arabia has increasingly emerged as a constructive and moderating influence in the Arab world. They have shown this in their diplomacy in Lebanon, in their leadership in creating the Gulf Cooperation Council, and in their bilateral security and economic relations with moderate states throughout the region. That role entails risks—and may well entail still greater risks in the future—and it will not be easier for Saudi Arabia to run these risks if they are publicly rebuffed by their closest friend in the West.

The question is not whether damage to U.S.-Saudi relations can be repaired, given time and the extent of our common interests. Should the Congress decide to overrule the President, you will find me working as hard as anyone to repair the damage to U.S.-Saudi relations. The question is whether we will have enough time.

For time is not necessarily on our side in the Middle East. We have made remarkable progress in the peace process and in building closer relations with our friends in the region. We hope to continue that progress.

But our enemies and the enemies of peace have not been idle. Just last week, Iranian planes bombed oil facilities in Kuwait, and the turmoil in Iran itself poses even larger dangers to U.S. interests and to world peace. Libya, Ethiopia, and South Yemen have recently joined together in an unholy alliance aimed through the Sudan at Egypt and through North Yemen at Saudi Arabia. Qadhafi has threatened to destroy the oil facilities of Saudi Arabia, and his planes have bombed the Sudan. The fragile cease-fire in Lebanon is the target of all those who oppose the Middle East peace process, for they recognize that war in Lebanon could well make peace impossible.

We need to work closely with our friends, and we need to work quickly. Our margin for error and delay is dangerously thin. This is not a time to impose severe strain on our relations with one of our closest friends in the region. I urge you to keep that in mind as you consider the President's request for your support on this issue.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] Press release 327.

[3] Press release 329. ■

Saudi Arabia and U.S. Security Policy

Following is an address delivered by Joseph W. Twinam, Deputy Assistant Secretary for Near Eastern and South Asian Affairs, on behalf of James L. Buckley, Under Secretary for Security Assistance, Science, and Technology, before the National Conference of Editorial Writers in Providence, Rhode Island, on September 25, 1981.

I am very pleased to be with you and thank you for graciously receiving me as a literally last minute substitute for Jim Buckley. Jim had wanted very much to be with you and truly regrets that responsibilities, not unrelated to the subject he wished to discuss with you, prevent his being here. That subject, consistent with your program chairman's injunction that our topic be timely and important, is the current household acronym AWACS [airborne warning and control system], specifically, the Reagan Administration proposal to provide Saudi Arabia with AWACS and other air defense enhancement equipment.

First let me try to place this aircraft and the other items of military equipment we propose to sell to Saudi Arabia in their proper perspective. Only in this way can the importance of these sales, and the reasons for the Reagan Administration's commitment to them, be fully understood.

The main goal of this Administration in international affairs is to help achieve a world in which nations are free to pursue their own peaceful ends without the threat of external aggression or intimidation. We are confident that in such a world our own interests will be best protected, and the values and principles we cherish will find more fertile soil. We do not delude ourselves that the path to these objectives is always easy or obvious.

What is absolutely clear, however, is that the free world has lost dangerous ground these last few years. All nations of the free world face, around the globe, challenges which are of such scale that they can be mastered only if the strength and engagement of the United States is brought to bear. Yet we cannot do the job alone. We can only do it if we are able to work in close cooperation with other strategically important nations throughout the free world.

The experience of the last few years speaks for itself. Given the aims and growing capabilities of our principal adversaries, further retrenchment in U.S. power and influence can only guarantee greater global instability and graver threats to our most vital interests. The policies being pursued by the Reagan Administration are intended, first, to rebuild our ability to project credible American power to distant places, should the need arise, and second, to work with other friendly nations to restore or strengthen stability in regions of critical importance to the West. Our task is difficult, but it is a manageable one, if we have the foresight and determination to pursue it.

Regional Security

The Indian Ocean and Persian Gulf are very far from our borders. But we have a clear and substantial stake in the continued sovereignty and security of nations there and in their continued good relations with us and with the West. We have the most direct interest in helping them acquire the capability to better defend themselves and, in the process, to deter aggression. They need our help for their own security, and we benefit from cooperation with them.

We were painfully reminded during the oil embargo of 1973 and 1974 that the Persian Gulf is the source of much of the energy on which the industrial democracies will be critically dependent until well into the next century. Until the British withdrew their forces from the area in 1971, the free world depended primarily on Britain to maintain stability in the gulf and to assure Western access to its oil. But for long before 1971, we had pursued an important security assistance relationship with Saudi Arabia. In the 1970s, we looked primarily to Iran, in cooperation with other gulf states, to pick up the burden which the British had so ably carried.

This arrangement in turn lasted less than a single decade. The fall of the Shah in 1978 coincided with two other ominous developments. The first was the dramatic increase in Soviet military capabilities during the 1970s. While the United States was spending more than $200 billion in Vietnam and deferring basic modernization of its military

We see how, despite dangers everyday, your families continue working together to build a better place to live and to prosper in peace and freedom.

Our dream, our challenge, and, yes, our mission is to make the golden age of peace, prosperity, and brotherhood a living reality in all countries of the Middle East. Let us remember that whether we be Christian or Jew or Moslem, we are all children of Abraham, we are all children of the same God.

You come at a time of testing and of hope. The challenges we face are great with the forces of aggression, lawlessness, and tyranny intent on exploiting weakness. They seek to undo the work of generations of our people, to put out a light that we've been tending for these past 6,000 years. But we understand their designs, and we're determined to oppose them. Working with all our friends in the Middle East, we seek to reinforce the security of the entire region. As we consult about these problems, rest assured that the security of Israel is a principal objective of this Administration and that we regard Israel as an ally in our search for regional stability.

Equally important in our discussions is the commitment of our two countries to advance the cause of peace. Your strong leadership, great imagination, and skilled statesmanship have been indispensable in reaching the milestones of the past few years on the road toward a just and durable peace in the Middle East.

You and the members of your coalition have earned our respect and admiration. Many cynics said Israel would never make peace with Egypt, but you did. Then they said you would not honor your commitment to return the Sinai to Egypt, but you have. Now they say you cannot go forward to work out a just and durable peace with all your neighbors; we know you will.

I look forward to receiving the benefit of your views and advice on the great tasks that remain before us. I'm confident that the United States and Israel will continue their close partnership as difficult negotiations toward peace are pursued. Let me also thank you for helping our special Ambassador Philip Habib, to arrange a cessation of hostilities across your border with Lebanon—still another considered step for peace and one well taken.

I know your entire life has been dedicated to security and the well-being of your people. It wasn't always easy. From your earliest days you were acquainted with hunger and sorrow, but as you've written, you rarely wept. On one occasion, you did—the night when your beloved State of Israel was proclaimed. You cried that night, you said, because "truly there are tears of salvation as well as tears of grief."

With the help of God, and us working together, perhaps one day for all the people in the Middle East, there will be no more tears of grief, only tears of salvation.

Shalom, shalom: to him that is far off and to him that is near. And again, Mr. Prime Minister, welcome to America.

Prime Minister Begin

My colleagues and I are grateful to you and to Mrs. Reagan for your kind invitation, for having given us the opportunity to discuss with you and your advisers international problems, bilateral issues, the danger to freedom resulting from Soviet expansionist policy in our region and its periphery and elsewhere, and the defense of human liberty, which is the essence of our lives, demotive of our efforts, the reason of our labors.

Our generation lived through two World Wars, with all the sacrifices, the casualties, the misery involved. But the two wars also created and left after them, regrettably, two illusions. In the early 1920s, the saying went around the world, "that was the war to end all the wars." It was not so to be. Only 25 years later another World War broke out, the most horrifying of all in the annals of mankind, not only with the sacrifices in tens of millions of human beings but also with atrocities unheard of in history. Ultimately, mankind crushed the darkest tyranny which ever arose to enslave the human soul, and then people believed that it was the end of tyranny of man over man. It was not to be.

After May 1945, there were 56 so-called local wars in a period of 36 years alone. In other words, blood-letting and enslavement are going on. Country after country is being taken over by totalitarianism. In nearly 8 years, eight countries were so taken over, either by proxy or directly. So it is obvious that liberty is in danger, and all free women and men should stand together to defend it and to assure its future for all generations to come.

Israel is a small country, but a free one. Its democracy was proved time and time again—true democracy. It is an integral part of the free world. It is a faithful and, through each democratic regime, a stable ally of the United States. We shall stand together, and Israel will give its share in defending human liberty.

Out of those 56 local wars, five were thrust upon little Israel since its inception. We waged them out of necessity to defend our people and to save its existence and to sustain our independence.

This is the simple reason why we not only want peace, but we yearn for peace. And therefore, as you rightly said, at a price of great sacrifices and admittedly undertaken—those are very serious risks—we made peace. We signed a peace treaty on this very lawn with our southern neighbor, but we strive to sign peace treaties and make peace forever on all our borders with all our neighbors. And with God's help, this noble aim will be achieved, too.

Thank you for your heartwarming remarks about my people and my country and touching words about my life, which is only one of the uncountable thousands and milllions who have suffered and fought and resisted and saw, after a long night, the rise of the Sun, the day. I am one of them because this is our generation. But your appreciation of our motives, our efforts, our sacrifices is very dear to all of us because we see in you not only the President of the United States but also the defender of freedom throughout the world.

May I extend to you on behalf of the people and Government of Israel, our invitation to come and visit our country and its capital, Jerusalem. Then we hope that we shall be able to reciprocate the wonderful hospitality, indeed, in the spirit of all Abraham, whom you mentioned, which was accorded to my colleagues and to myself. Be assured the people of Israel will receive you not only with utmost respect but with deep cordiality.

DEPARTURE REMARKS, SEPT. 10, 1981[2]

President Reagan

The Prime Minister and I have had 2 days of friendly and useful and productive talks. I'm greatly encouraged by the common purpose that I have sensed throughout our discussions and especially pleased by the friendship and complete candor that have developed between us from the very outset of our meeting.

Your views, Mr. Prime Minister, have been invaluable, and your grasp of issues that concern us is truly impressive. We've made progress in charting a course that we'll be following in the peace process in the months ahead. We'll work together to maintain the peace that was concluded between Israel and Egypt and to build on that peace and broaden it.

The United States stands ready to help advance the peace process in any way that is useful to the parties concerned. In our discussions about the strategic situation in the Middle East, it's only natural that we've found much common ground. As friends and as partners in peace, we share a determination to oppose all forces that threaten the freedom, integrity, and peace of our nations.

The United States will remain committed to Israel's security and well-being. We work together with you and with our friends in the region to counter Soviet aggression and to strengthen security of all the countries in the area.

This is the first of what I know will be many warm and productive meetings between us. I'm delighted to have had this opportunity to come to know you and to discuss the partnership between our two countries. Through our conversations, I believe we've created new bonds of understanding between the United States and Israel, renewed and strengthened our very special friendship.

While I know that you are going to continue a few days longer, and while we part, but you will be here longer, I wish you a very pleasant, continued stay in the United States and, above all, a very safe return to Israel.

Prime Minister Begin

I subscribe without any qualification to the appreciation of the talks we held in Washington with the President and his advisers. The American delegation and the Israeli delegation spoke with candor, in detail.

All of us made our work well-prepared and, therefore, the results can really be considered unanimously by both the President and his advisers and my colleagues and myself as very fruitful. We draw a distinction—a clear distinction—between problems of defending our country when it becomes necessary and the community of moral values and of direct interests between the United States and Israel, as far as the threat to freedom of many nations in the Middle East and elsewhere is concerned.

As far as defense of Israel is concerned, it is our problem. We will never ask any nation to send its soldiers to defend us. Our army will do its duty. We hate war. We hate bloodshed. We want peace. We gave great sacrifices for the sake of peace. We hope to achieve that peace with the other neighbors. But if it should come at any moment when we will have to defend our independence and our liberty and our land, then our young people will do so as they did in the past, in the spirit of self-sacrifice and, I don't hesitate to say, in heroism.

But, there is another problem in our time: a clear community of interests vis-a-vis a clear and present danger to every free nation by a totalitarian and an expansionist regime. On this issue, we work together, we will plan together, we will execute those plans together, in agreement, for the benefit both of the United States and Israel and the free world at large.

We are all grateful to you for the wonderful hospitality you accorded to us. To you and to your gracious lady, Mrs. Reagan, I can only repeat again: "We will be awaiting your visit to our country and to Jerusalem." With God's help you will come. And we shall give you the heartiest reception by a people who have got so great a respect for you as anybody who came to see you, to listen to you, to feel your warmth, your friendship, your readiness to give brotherhood to human beings, can feel.

I do not say goodbye. I say next time, *au revoir*, in Jerusalem.

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[1] Texts from Weekly Compilation of Presidential Documents of Sept. 14, 1981, which also includes toasts made at the state dinner on Sept. 9.

[2] Made on the South Lawn of the White House. ■

Economic and Security Cooperation With Pakistan: A Critical Partnership

Statements by James L. Buckley, Under Secretary for Security Assistance, Science, and Technology, and M. Peter McPherson, Administrator of the Agency for International Development (AID), before the Subcommittees on International Security and Scientific Affairs International Economic Policy and Trade, and Asian and Pacific Affairs of the House Foreign Affairs Committee on September 16, 1981.[1]

UNDER SECRETARY BUCKLEY

Some months ago, your committee reviewed the Administration's FY 1982 legislative and security assistance proposals relating to Pakistan. As these represented initial steps in a longer term program whose details were still under discussion, we appreciated your reasons for deferring action at that time and were gratified that you did so without prejudice. We and the Government of Pakistan have used the intervening months to good effect and have now reached agreement as to the basic outlines of a new relationship.

As you will recall, our proposals for FY 1982 are limited to economic assistance because Pakistan felt the need for caution in approaching a new arms relationship with the United States. With the Soviet invasion of Afghanistan, Pakistan has found itself thrust into the unwelcome status of a front-line state subject to all the hazards that have been the common experience of other countries which find themselves in the same neighborhood with the Soviet Union or its proxies. Entrance into a new arms relationship with the United States would significantly increase the risks to which Pakistan was exposed. It may or may not have been just a coincidence that each of my own visits to Islamabad—the first in June, the last just a week ago—coincided with Afghan attacks across the Pakistan border.

Given these risks and the rocky history of the past relationship between our countries, the Pakistan Government wanted to satisfy itself as to the existence of a public consensus in support of the arms sale and economic support package which we proposed. This it did through a series of well-publicized and widely reported hearings and debates in which the advantages and risks of a new relationship with the United States were fully explored. In the meantime, over the past 4 months, representatives of our two governments have been engaged in frequent, intensive, and highly fruitful discussions focused on a common concern over Soviet expansionism and its implications for regional security.

Through its refusal, in the face of Soviet pressures, to accept the legitimacy of the puppet regime in Kabul, Pakistan has demonstrated an admirable willingness to stand by principle and assume the considerable risks of Soviet displeasure. But the Pakistanis have taken an even more decisive step. The joint statement released following my visit to Islamabad last June represented a courageous decision on their part to embark on a qualitatively new relationship with the United States which involved the risk of increased Soviet hostility and pressure, including military attack by proxy forces. This action signaled a new confidence which Pakistan places in the reliability of the United States and the willingness of the Congress and the American people to defend their national interests abroad by offering support to nations willing to assume the risk of their own defense.

Basis for Relationship

Our relationship is based on the principle of sovereign equality. The United States has expressly recognized Pakistan's nonaligned status and the restricted position it occupies in the Islamic community of nations. As had the previous Administration, we have reaffirmed the validity of the 1959 bilateral agreement, and Pakistan has expressed its satisfaction with the commitment conveyed therein. We have made no additional commitments beyond those relating to the programs we are discussing here today. We have one overriding purpose, and that is to work together to create a stronger, more self-reliant Pakistan as it confronts Soviet power in neighboring Afghanistan.

I cannot overemphasize the importance which we attach to this new relationship. Pakistan's strategic location athwart the sea lanes to the Persian Gulf has taken on added importance with the advance of Soviet forces through Afghanistan to its very borders.

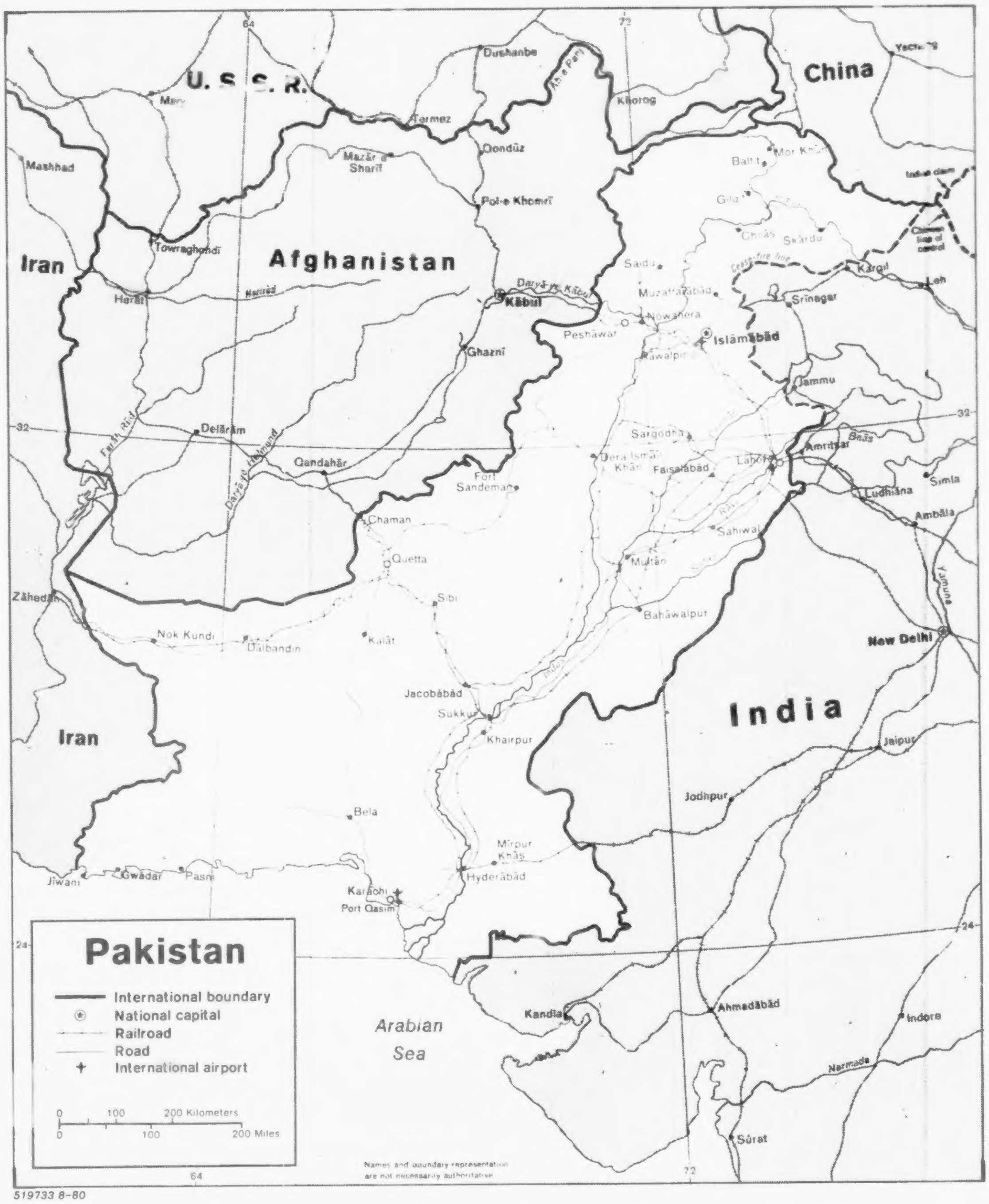
A strong, stable, and independent Pakistan is an essential anchor to the entire Southwest Asian region. The 430,000-man Pakistan Army is a highly professional force. Properly equipped, it has the discipline and the will to protect Pakistan's independence and territorial integrity. Unfortunately, it no longer possesses the weapons required for a credible defense against the kind of equipment with which the Soviets are supplying the Afghan forces and can be expected to maintain in Afghanistan. Thus, despite the quality of its personnel, Pakistan's military forces are not equipped to defend their critical portion of the approaches to the Persian Gulf.

In assessing Pakistan's needs, we have given equal weight to economic as well as military considerations. With the cooperation of the Congress, we propose to address both the economic sources of national strength and Pakistan's direct requirements for a credible military deterrent. The multiyear aspect of our undertaking underscores the comprehensive and long-term view we take of Pakistani security requirements, as well as the firm intention of the United States to prove itself a reliable and consistent partner.

I have already briefed members of this committee on the overall dimensions of the assistance programs for which we seek congressional action. Our immediate request is for an appropriation of $100 million in economic support funds in FY 1982 in addition to $50 billion for PL 480 assistance. Beginning next year we will seek a series of annual appropriations in support of a 5-year program which would total about $3 million. This would be divided approximately equally between economic assistance and foreign military sales (FMS) credit guarantees.

The goal of our economic assistance program will be to provide both short-term balance-of-payments support essential to Pakistan's immediate economic stability and to foster longer term self-sustaining growth. A key consideration in shaping the mix of economic and military assistance over the 5-year period was the need for an appropriate balance to assure Pakistan's ability to manage down-stream debt servicing requirements. Mr. McPherson will provide

Pakistan—A Profile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Hyderābād
Quetta
Multān
Sukkur
Jacobābād
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Geography

Area: 310,527 sq. mi., excluding Jammu and Kashmir which are in dispute with India (about the size of California). **Capital:** Islamabad (pop. 250,000—1972 census). **Other Cities:** Karachi (3.5 million), Lahore (2.1 million).

People

Population: 81.5 million (1980). **Annual Growth Rate:** About 3% (1980). **Ethnic Groups:** Punjabi, Sindhi, Pushtan (Pathan), Baluchi. **Religions:** Muslim (97%), small minorities of Christians, Hindus, and others. **Languages:** Urdu (official), English, Punjabi, Sindhi, Pushtu, Baluchi. **Literacy:** 24%. **Life Expectancy:** 51 yrs.

Government

Official Name: Islamic Republic of Pakistan. **Type:** Martial law regime established in 1977. **Independence:** Aug. 14, 1947. **Branches:** *Executive*—Chief Martial Law Administrator (President), Cabinet. *Legislative*—63-member Senate and 200-member National Assembly. *Judicial*—Military courts, provincial high courts, Supreme Court. **Political Parties:** Suspended in 1977 following the imposition of martial law. Some political activity was subsequently allowed. In Oct. 1979, general elections scheduled for Nov. were postponed and political party activity was banned. **Suffrage:** Universal over age 18. **Political Subdivisions:** 4 Provinces, tribal areas, federal capital.

Economy

GNP (1980): $23 billion. **Annual Growth Rate (1978-80):** 6.4%. **Per Capita Income:** $280. **Per Capita Growth Rate (1978-80):** 4%. **Natural Resources:** Land, extensive natural gas, limited petroleum, poor quality coal, iron ore. **Agriculture:** Wheat, cotton, rice. **Industries:** Cotton textiles, food processing, tobacco, engineering, chemicals, natural gas. **Trade (FY 1980):** *Exports*—$2.3 billion: rice, raw cotton, yarn, textiles, light manufactured products. *Partners*—Far East (30%), EC (20%), Middle East (25%), U.S. (6%). *Imports*—$4.8 billion: capital goods, raw materials, crude oil, consumer items. *Partners*—Far East (28%), EC (25%), Middle East (25%), U.S. (8%). **Official Exchange Rate:** 9.9 rupees = US$1.00. **Economic Aid Received:** *Total*—$27.4 billion (1946-79). *U.S. only*—$4.9 billion (1946-79).

Membership in International Organizations

U.N., ADB, IDA, International Court of Justice, Islamic Conference Organization, INTELSAT, Colombo Pact, FAO, GATT, G-77, IAEA, IBRD, ICAD, IFC, IHO, ILO, IMCO, IMF, ITU, IWC, UNESCO, UPU, WHO, WMO, WSG, WTO, nonaligned movement.

Principal Government Officials

Pakistan: President and Chief Martial Law Administrator—Mohammed Zia-ul-Haq; Minister of Foreign Affairs—Agha Shahi. **United States:** Ambassador to Pakistan—Arthur W. Hummel, Jr.■

Chile
Memorandum of understanding for scientific and technical cooperation in agricultural research and development. Signed at Santiago Aug. 28, 1981. Entered into force Aug. 28, 1981.

Egypt
Interim agreement concerning privileges and immunities of U.S. military and related personnel in Egypt. Effected by exchange of notes at Cairo July 26, 1981. Entered into force July 26, 1981.

Agreement concerning privileges and immunities of U.S. military and related personnel in Egypt, with related letter and agreed minute. Effected by exchange of notes at Cairo July 26, 1981. Enters into force upon exchange of instruments of acceptance.[1]

Indonesia
Agreement relating to establishment and operation of a Landsat system. Signed at Washington and Jakarta July 13 and 30, 1981. Entered into force July 30, 1981.

Italy
Agreement for scientific and technological cooperation. Signed at Rome July 22, 1981. Entered into force July 22, 1981.

Jamaica
Agreement amending the agreement for sales of agricultural commodities of Feb. 6, 1981. Effected by exchange of notes at Kingston Aug. 5, 1981. Entered into force Aug. 5, 1981.

Liberia
Agreement amending the agreement for sales of agricultural commodities of Jan. 8, 1981. Effected by exchange of notes at Monrovia June 12 and July 3, 1981. Entered into force July 3, 1981.

Madagascar
Agreement for sales of agricultural commodities, with minutes of negotiation. Signed at Antananarivo Aug. 19, 1981. Entered into force Aug. 19, 1981.

Mexico
Agreement amending the agreement of June 2, 1977 (TIAS 8952) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters Aug. 19, 1981. Entered into force Aug. 19, 1981.

Netherlands
Agreement relating to selection of De Nederlandsche Bank of Amsterdam by the U.S. and Iran as the mutually agreeable central bank to manage the depository of funds in the security account established by the Jan. 19, 1981, Declaration of the Government of the Democratic and Popular Republic of Algeria, with related technical agreements signed Aug. 17, 1981. Effected by exchange of notes at The Hague July 10, 1981. Entered into force July 10, 1981.

Agreement relating to storage of prepositioned war readiness materials by U.S. forces. Effected by exchange of notes at The Hague Jan. 15, 1981.
Entered into force: Aug. 20, 1981.

New Zealand
Agreement relating to the multilateral trade negotiations, and related letter of Feb. 4, 1980. Signed at Geneva May 21, 1979. Entered into force Jan. 1, 1980. TIAS 10019.

Memorandum of understanding concerning Communications Center support for the Royal New Zealand Air Force Orion Modernization Unit. Signed at Washington July 24 and Aug. 3, 1981. Entered into force Aug. 3, 1981.

Nigeria
Agreement for cooperation in the field of health. Signed at Washington Sept. 9, 1981. Entered into force Sept. 9, 1981.

Agreement for the provision of technical services in the preparation of a comprehensive soil survey in Nigeria. Signed at Lagos Sept. 22, 1980.
Entered into force: Aug. 1, 1981.

Agreement on the training of Nigerian technical educators, with annexes. Signed at Washington Sept. 9, 1981. Entered into force Sept. 9, 1981.

Saudi Arabia
Agreement for technical cooperation in tax administration and training. Signed at Riyadh May 17, 1981. Entered into force Sept. 24, 1981.

Sierra Leone
Agreement amending the agreement for sales of agricultural commodities of Mar. 25, 1981. Effected by exchange of notes at Freetown Aug. 17 and 18, 1981. Entered into force Aug. 18, 1981.

Singapore
Agreement relating to the reciprocal acceptance of airworthiness certifications. Effected by exchange of notes at Singapore Aug. 21, 1981. Entered into force Aug. 21, 1981.

Spain
Agreement concerning the grant of defense articles and services under the military assistance program. Effected by exchange of notes at Madrid Aug. 28 and 29, 1981. Entered into force Aug. 29, 1981.

Sudan
Agreement amending the agreement for sales of agricultural commodities of Jan. 19, 1981. Effected by exchange of notes at Khartoum Aug. 27, 1981. Entered into force Aug. 27, 1981.

Swaziland
Agreement relating to establishment of a Bureau of Foreign Broadcast Information Service (FBIS) in Swaziland. Signed at Mbabane Aug. 3, 1981. Entered into force Aug. 3, 1981.

Thailand
Agreement amending the agreement of Oct. 4, 1978, as amended (TIAS 9215, 9462, 9643, 9717, 9937), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok June 17 and July 28, 1981. Entered into force July 28, 1981.

Turkey
Agreement extending the agreement of July 8, 1976, as extended (TIAS 8371, 9006, 9540, 9810), on procedures for mutual assistance in the administration of justice in connection with the Lockheed Aircraft Corporation and the McDonnell Douglas Corporation matters. Effected by exchange of letters at Washington July 7 and Aug. 24, 1981. Entered into force Aug. 24, 1981; effective July 8, 1981.

United Kingdom
Memorandum of understanding relating to a satellite-aided maritime distress alert system. Signed at Washington July 23, 1981. Entered into force July 23, 1981.

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[1] Not in force.
[2] Not in force for the U.S.
[3] With statement(s).
[4] With declarations.■

September 1981

September 1
The government of President David Dacko of the Central African Republic is overthrown in a bloodless coup. Army Chief Gen. Andre Kolingba becomes the country's new leader.

U.N. Conference on Least Developed Nations is held in Paris September 1–14. U.S. Agency for International Development Administrator, M. Peter McPherson, heads U.S. delegation.

September 2
Iranian Parliament approves nomination of Ayatollah Mohammad Reza Mahdavi Kani to be Prime Minister. Kani replaces Mohammad Javad Bahonar who was assassinated in an August 30 bombing.

September 3
Tenth anniversary of the signing of the Quadrapartite Agreement on Berlin.

September 4
One among a group of bomb explosions damages the U.S. Cultural Center in Maseru, Lesotho. There is minimal damage and no injuries.

By a vote of 117 to 22 (U.S.) and 6 abstentions, U.N. General Assembly votes to prevent South Africa from participating in the 8th emergency special session convened dealing with Namibia.

Soviet Union holds major military maneuvers in the Baltic and Byelorussian military districts and on the Baltic Sea Sept. 4–12. Although the Soviets had notified CSCE signatories earlier (Aug. 14) that such exercises would take place, they failed to report the number of participants as required under the Helsinki Final Act's confidence-building measure on prior notification of military maneuvers.

September 5

On behalf of the U.S. and China, Director of U.S. International Communications Agency and Minister Huant Zhen of the Chinese Commission for Cultural Relations with foreign countries, sign the 1982–83 implementing accord of the cultural agreement between the two countries. Present also at the signing was Chief Justice of the U.S., Warren E. Burger.

Department of State announces it has taken first steps toward negotiating settlement of claims of less than $250,000 by U.S. nationals against Iran. The Department will negotiate an agreement settling such claims by a lump sum from Iran and which will be decided by a domestic government agency. Both countries agree that claims exceeding that amount be settled by the Iran-U.S. Claims Tribunal established at The Hague. The Court will begin receiving claims on Oct. 20.

September 6

Israeli Prime Minister Begin makes official visit to the U.S. Sept. 6–16 and to Washington, D.C., Sept. 9–15 to meet with President Reagan, their first talks concerning the Middle East.

September 8

U.S. hosts 6th round of U.S.-Nigeria bilateral economic talks Sept. 8–9 to discuss ways of expanding U.S.-Nigerian economic and commercial relations. Vice President Bush and Nigerian Vice President Alex Ekwueme chair the meetings. The two delegations hold formal talks on agriculture, science and technology, energy, and trade and investment, and the Vice Presidents sign cooperation agreements on health and education.

September 11

Secretary Haig visits Marbella, Spain, to meet with Saudi Crown Prince Fahd, Sept. 11; to Belgrade, Yugoslavia, Sept. 12–13; to Berlin to address the Berlin press (Berliner Press Conference), Sept. 13; and to Bonn Sept. 13–14.

Norwegian Lt. Gen. Frederik V. Bull-Hansen is appointed commander of the multinational forces and observers. Governments of Egypt and Israel approve the appointment in accordance with terms of the protocol to the March 26, 1979, Egyptian-Israeli Treaty of Peace.

September 14

U.S., Japanese officials meet in Washington Sept. 14–15 to discuss global and bilateral economic issues, including trade and energy policies. Under Secretary for Economic Affairs, Myer Rashish, heads U.S. delegation and Deputy Minister for Foreign Affairs, Kiyoaki Kikuchi, leads Japanese delegation.

By a vote of 117 to 0 with 25 abstentions (U.S. and other 4 members of the Western five contact group), the U.N. General Assembly passes a draft resolution condemning South Africa for its "continued occupation of Namibia," recognizing the South West Africa People's Organization (SWAPO) as the "sole and authentic representative of the Namibian people," and calls upon all states to impose sanctions against South Africa. The Western five states that its abstention does not imply "rejection" and its "objective remains to secure a peaceful internationally recognized settlement in Namibia."

September 15

Thirty-sixth regular session of the U.N. General Assembly opens in New York. Ismat Killani of Iraq is chosen President.

Vanuatu becomes 155th member of the U.N.

In Heidelberg, West Germany, Gen. Frederick Kroesen, U.S. Army European commander, is injured when terrorists fire an antitank grenade and gunshots at the car in which he is riding. He is treated for superficial wounds and released.

House Judiciary Committee approves a resolution granting honorary U.S. citizenship to Raoul Wallenberg, a Swedish citizen credited with saving the lives of over 100,000 Hungarian Jews during World War II.

September 16

Pakistan formally agrees to a U.S. plan of a 6-year $3.2 billion economic assistance and military sales package.

September 17

President Reagan visits Grand Rapids, Michigan, to attend ceremonies related to the dedication of the Gerald R. Ford Presidential Museum. While there he meets with Canadian Prime Minister Trudeau and Mexican President Lopez Portillo for substantive talks on bilateral and multilateral issues and makes a courtesy call on former French President Giscard d'Estaing, all attending the dedication ceremonies.

September 19

El Salvadoran President Jose Nepoleon Duarte makes official visit to the U.S. Sept. 19–29.

September 21

Belize, a British colony since 1862, becomes an independent nation.

U.S., South African officials hold talks in Zurich, Switzerland, aimed at clarifying settlement proposals leading to the independence of Namibia. The talks are between Chester A. Crocker, U.S. Assistant Secretary for African Affairs, and Brand Fourie, South African Foreign Affairs Director.

U.S. Government withholds about $2 million in Iranian assets—diplomatic and consular property, including embassy operating accounts—until Iran returns U.S. Embassy and other diplomatic and consular assets in Iran held in violation of international law and which the International Court of Justice ordered Iran to return in March 1980.

President's Commission on Hostage Compensation submits final report to the President recommending the "adoption of an additional title to the Hostage Relief Act, providing separate authority for the payment of a tax-exempt detention benefit of $12.50 per day of captivity" to U.S. nationals held captive outside the U.S., including, specifically, those held hostage in Iran.

Secretary Haig addressed the U.N. General Assembly at the 36th annual session in New York.

The following newly appointed Ambassadors presented their credentials to President Reagan: Lt. Gen. Ezaz Azim of Pakistan; Lew Byong Hion of Korea; Enrique Valenzuela of Chile; Fernando Gaviria of Colombia; John Wycliffe Lwamafa of Uganda; and Leslie N. Agius of Malta.

September 23

In Honduras, five U.S. mobile training team personnel are attacked with automatic weapons fire. Two are injured—one seriously. Both are taken to Centro Medico hospital in Tegucigalpa.

Secretary Haig, attending the opening session of the U.N. General Assembly, opened the first of two scheduled meetings with Soviet Foreign Minister Andrei Gromyko. The talks are the first ministerial level contacts between officials of the Reagan Administration and the Soviet Union.

After 16 months, talks on Palestinian autonomy resume in Cairo. Chief negotiators are Egyptian Foreign Minister Kamal Hassan Ali and Israeli Interior Minister Yosef Burg. U.S. representatives are U.S. Ambassador to Egypt, Alfred L. Atherton, Jr., and U.S. Ambassador to Israel, Samuel W. Lewis.

September 24

First round of Egypt, Israel, U.S. autonomy talks end with the three countries pledging to seek Palestinian cooperation and agreeing that the next round be held in Tel Aviv the last week in October.

Following the Haig-Gromyko talks in New York, the U.S. and Soviet Union issue a joint statement in which they agree "on the need to hold formal negotiations" limiting theater nuclear forces in Europe. Both parties agree to begin negotiations November 30 in Geneva, Switzerland. The chief negotiator will be U.S. Ambassador Paul Nitze and Soviet Ambassador U.A. Kvitsinsky.

Seeking a settlement to the Namibia question, foreign ministers of the Western five contact group—Canada, France, F.R.G., U.K., and the U.S.—issue a joint statement in which they develop proposals for a timetable for "final negotiations" with the objective of implementing U.N. Security Council Resolution 435 in 1982.

such that debt servicing and energy costs are making excessive claims on your foreign exchange earnings.

We recognize that each nation's approach to development should reflect its own cultural, political, and economic heritage. That is the way it should be. The great thing about our international system is that it respects diversity and promotes creativity.

Certain economic factors, of course, apply across cultural and political lines. We are mutually interdependent but, above all, we are individually responsible. We must respect both diversity and economic realities when discussing grand ideas. As I said last week in Philadelphia, we do not seek an ideological debate; we seek to build upon what we already know will work.

History demonstrates that time and again, in place after place, economic growth and human progress make their greatest strides in countries that encourage economic freedom. Government has an important role in helping develop a country's economic foundation. But the critical test is whether government is genuinely working to liberate individuals by creating incentives to work, save, invest, and succeed. Individual farmers, laborers, owners, traders, and managers—they are the heart and soul of development. Trust them. Because whenever they are allowed to create and build, wherever they are given a personal stake in deciding economic policies in benefiting from their success, then societies become more dynamic, prosperous, progressive, and free.

With sound understanding of our domestic freedom and responsibilities, we can construct effective international cooperation. Without it, no amount of international good will and action can produce prosperity. In examining our collective experience with development, let us remember that international economic institutions have also done much to improve the world economy. Under their auspices, the benefits of international commerce have flowed increasingly to all countries. From 1950 to 1980, gross national product per capita in 60 middle-income countries increased twice as fast as in the industrial countries when real purchasing power is taken into account.

International Meeting on Cooperation and Development
October 22–23, 1981
Cancun, Mexico

Standing

President Sergej Kraigher (Yugoslavia)

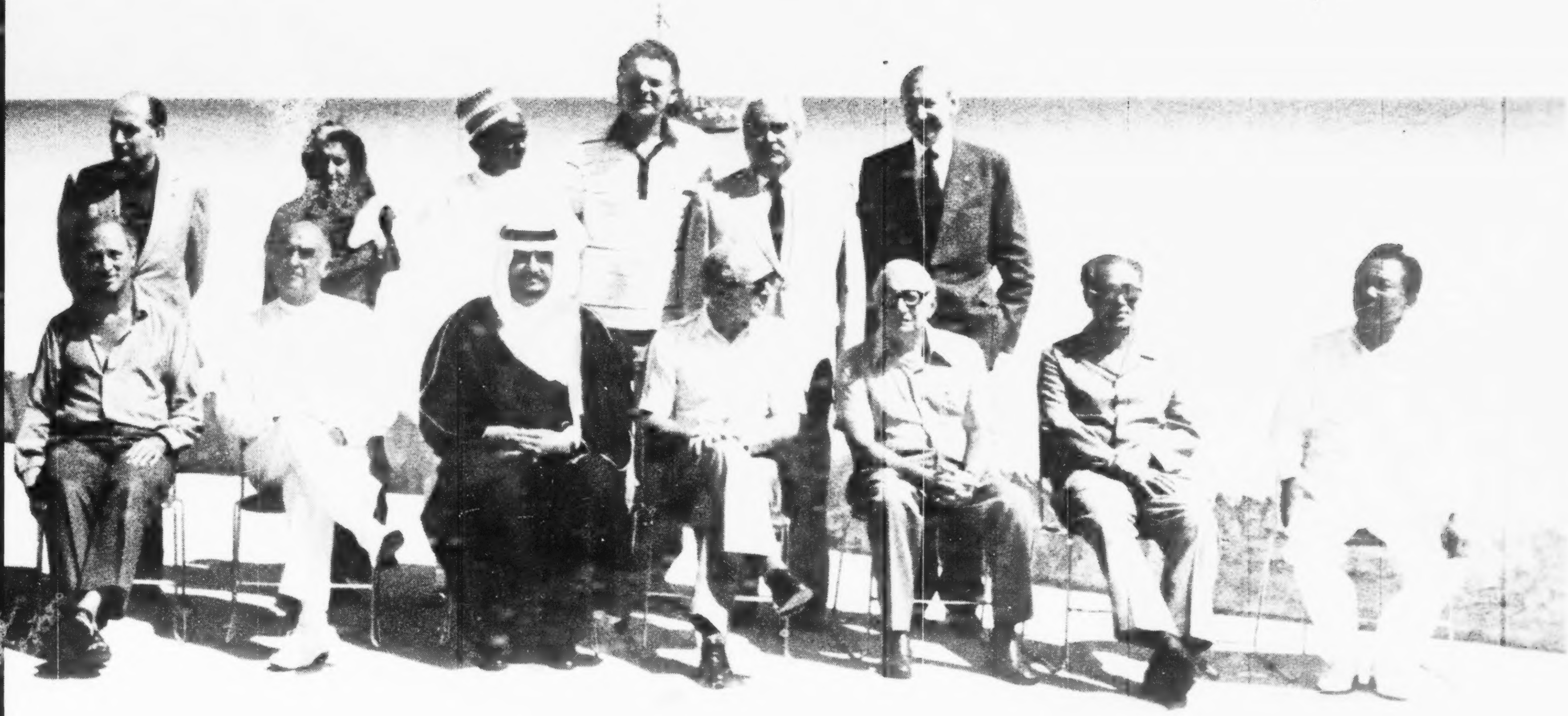
President Julius K. Nyerere (Tanzania)

Prime Minister Margaret Thatcher (United Kingdom)

Prime Minister Zenko Suzuki (Japan)

Executive President Forbes Burnham (Guyana)

President Francois Mitterrand (France)



Prime Minister Indira Gandhi
(India)

President Alhaji Shehu Shagari
(Nigeria)

Prime Minister Thorbjorn Falldin
(Sweden)

President Luis Herrera Campins
(Venezuela)

U.N. Secretary General Kurt Waldheim

Seated

President Ronald Reagan
(United States)

Foreign Minister Simeon Ake
(Ivory Coast)

Acting President Abdus Sattar
(Bangladesh)

President Chadli Bendjedid
(Algeria)

Foreign Minister Hans-Dietrich Genscher
(Federal Republic of Germany)

Prime Minister Pierre-Elliott Trudeau
(Canada)

President Jose Lopez Portillo y Pacheco
(Mexico)

Deputy Prime Minister Crown Prince Fahd
(Saudi Arabia)

Foreign Minister Willibald Pahr
(Austria)

Foreign Minister Ramiro Saraiva
Guerreiro (Brazil)

Premier Zhao Ziyang
(China)

President Ferdinand E. Marcos
(Philippines)

forces, the Soviet Union was engaged in the most massive buildup of military hardware and infrastructure that the world has seen.

The Soviet Union's invasion of Afghanistan was the starkest possible demonstration that the Soviets not only now possess the military capability to conduct major operations on their southern flank without detracting from their military posture on their eastern and western fronts, but that they are prepared to use that capability to support their political objectives—at least so long as they can do so with relative impunity.

The second development is the growing capability of radical regional states to attack and destroy critical oil facilities in Saudi Arabia and other gulf nations and to attempt to block Western access to the gulf itself. I speak, of course, of Ethiopia, South Yemen, and Iran. The first two are now well-armed Soviet proxies who last month joined with Libya in a tripartite alliance specifically aimed at Saudi Arabia and Egypt. At the outbreak of the Iraq-Iran war, Iran threatened to close the Hormuz Strait—through which two-thirds of the world's oil exports pass. It also sent combat aircraft across the gulf, underscoring Iran's capacity to threaten neighboring oil-producing states. It was in this context that the Saudis requested that we deploy U.S. AWACS to Saudi Arabia, and that we rapidly responded.

In short, in less than half a decade, the Persian Gulf has been transformed. From a secure source of the petroleum essential to Western economies, it has become an area which is extremely vulnerable to attack by regional forces, as well as to a major offensive by newly deployed forces of the Soviet Union.

It is against the former threat that we seek to arm Saudi Arabia while we modernize our own forces so as to better cope with the latter threat should the need arise. These two efforts, I might add, are closely interrelated, because our ability to project our forces in the event of a major emergency in the Persian Gulf will depend in large part on the degree to which we have been able to work out cooperative security arrangements with the front-line states of the region.

Since the fall of the Shah, we have worked to develop a new set of relationships in the Persian Gulf and the Middle East that can reestablish a reasonable degree of stability, protect our friends in the area, insure the security of the West's principal sources of imported oil, and establish an infrastructure consistent with our rapid deployment forces should a major emergency lead the nations of the area to request our direct support.

While insuring the security of Saudi Arabia is obviously not the only element in this effort, it is clearly a key one. Saudi Arabia is the center of the conservative forces in Islam. Its pro-Western, anti-Communist positions offer a nonradical approach to modernization. Because of its special position as custodian of the holy places of Islam, it has an influence that reaches far beyond the Arab world to a community of nations encompassing 750 million Muslims. It currently dedicates more than 5% of its national income to aid a large group of poorer countries, including nations such as Sudan, Somalia, North Yemen, Turkey, Pakistan, and Morocco, where the United States has important strategic interests as well.

Thus, the success of U.S. policy in the region depends on our ability to develop a close working relationship with Saudi Arabia. This in turn depends on our own willingness to help the Saudis acquire, in their own right, the capability to defend their own most important asset. This we can do—and the Saudis know it as well as we—without in any way detracting from our unshakable commitment to Israel's security or lessening Israel's ability to defeat an attack from any combination of hostile forces in the region.

. . . the addition of AWACS to the Saudi inventory would greatly improve Saudi Arabia's ability to protect its eastern oilfields; but it would not significantly improve Saudi ability to conduct attacks against Israel. Nor would it improve Saudi ability to assist other Arab nations to do so.

The Need to Improve Saudi Air Defenses

The military threats against which the Saudis seek to improve their defenses are real. An attack could plausibly come from several regional sources: for instance, from a spillover of the Iran-Iraq war or from South Yemen or Ethiopia, where a significant Soviet military presence underscores the region's instability and the dangers of Soviet penetration. It is important to understand in this context that an indirect military thrust from South Yemen, for example, could be as serious for the Saudis as a direct oilfield attack, because it could trigger a range of other threats—Saudi Arabia is very large in territory and small in population. Its military forces are relatively small and widely dispersed.

Both we and the Saudis fully realize that the air defense enhancement package we have submitted to the Congress will not enable the Saudis to defend themselves against a direct Soviet attack. Only we can do that. The proposed sale, however, will vastly enhance our ability to do so. It will, for example, insure the existence of an extensive logistics base and support infrastructure in Saudi Arabia—including spare parts—facilitating U.S. reinforcement. It would also greatly expand opportunities for close cooperation between Saudi, U.S., and other regional forces in a manner that could greatly upgrade the air defenses of the entire area. But equally important, the relationship between the United States and Saudi Arabia that would be evidenced by the sale could, in itself, represent a significant deterrent to Soviet adventurism.

In the meantime, present Saudi air defenses are inadequate. Saudi oil facilities, which lie on very flat land adjacent to the Persian Gulf, are highly vulnerable to surprise attack by low-flying aircraft. Early warning is critical. With current Saudi ground radars, except for the presence of the U.S. AWACS, little warning is possible, and severe damage could be inflicted on the facilities before Saudi interceptors could respond.

The four elements of the currently proposed sale—AWACS, air refueling tankers, conformal fuel tanks for the F-15s, and air-to-air missiles—would significantly improve Saudi capability to defend against regional air attacks.

The AWACS aircraft, which operates at around 30,000 feet, would provide sufficient warning of an air attack to enable Saudi fighters to scramble and intercept the enemy before they can carry out their attack.

The conformal fuel tanks and the air refueling tanker aircraft—equipment to extend the range of Saudi F-15s—would enable F-15s to defend east coast petroleum facilities while operating out of bases to the south and west that are distant and, therefore, safer.

Sidewinder air-to-air missiles, with the capability for head-on attack against hostile aircraft, are the only weapons that will permit Saudi interceptors to engage and destroy attacking aircraft *before* they can destroy the oil facilities—even with the advance warning provided by the AWACS.

In addition, of course, this sale would bring with it a very high degree of long-term military and technical collaboration between the United States and Saudi Arabia by insuring the substantial presence of U.S. maintenance and support personnel in Saudi Arabia throughout the life of the systems, that is, for many years.

Implications for Israeli Security

Finally, the Administration has carefully studied the implications of this sale, and of the larger relationship which it symbolizes, for Israeli security. We recognize that any enhancement of Saudi military capabilities might in theory complicate the task faced by Israeli defense planners. Yet Israel enjoys today—and will continue to enjoy after our proposed sales are completed—so decisive a superiority over any combination of regional forces that the practical impact of our proposals on Israeli security would be small. By contrast, the longer run benefits which we seek with our policy toward Saudi Arabia and other gulf states will improve Israel's security by reducing the risk of conflict in the region and enhancing our ability to bring moderate Arab states into the Middle East peace process.

The mythology that has grown up around the AWACS is extraordinary. Contrary to claims, the AWACS cannot collect photographic intelligence. Nor can it collect any intelligence at all on ground targets. The only information it collects is the most perishable kind—aircraft tracks which become useless in a matter of minutes if they cannot be acted upon. Neither do they have an offensive capacity that could jeopardize Israeli security, nor does the equipment we would be providing the Saudis represent the kind of highly advanced technology whose capture by the Soviets would jeopardize significant U.S. security interests. In brief, the addition of AWACS to the Saudi inventory would greatly improve Saudi Arabia's ability to protect its eastern oilfields; but it would not significantly improve Saudi ability to conduct attacks against Israel, nor would it improve Saudi ability to assist other Arab nations to do so.

With or without AWACS and the other equipment in the Saudi air defense package, Israel's highly effective air defense systems, coupled with Saudi vulnerability to retaliation from Israel, provides the strongest possible deterrent to any potential Saudi attack. The Saudis, moreover, recognize that Israel's air defense system—including pilots, aircraft, surface-to-air systems, and crews—is extraordinarily capable, and that Saudi missions near or into Israeli airspace could be suicidal.

Key Questions

The problem of safeguarding Israel's security interests is not, of course, the only one which has been raised in connection with these sales. It is clear from conversations with Members of Congress and the public that at least three other key questions must be addressed.

- What is there in the U.S.-Saudi political relationship to justify this sale?
- If Saudi security is so important to us, why don't we do the job ourselves?
- Why is Saudi Arabia any more dependable an anchor for our regional strategy than Iran proved to be?

Let me address these questions together, for they are closely interrelated.

The Saudi leadership believes that their country's national interest is best served by the kind of security relationship that we have proposed. The point to keep in mind, however, is that this judgment is made in the face of considerable pressure, in large part Soviet and radical Arab in origin. The Saudis' capacity to resist such pressure is very largely dependent upon their confidence in the United States and in their own military capability to deal with local threats. These two are inseparable.

For compelling reasons, political and nationalistic, the Saudis cannot move to an explicit dependence upon the United States for their defense in those areas; they are clearly potentially capable of looking after themselves. Such a policy would severely undermine their leadership and influence in the Arab world, an influence which clearly serves our own national interests.

What has to be understood, in short, is that the only viable relationship today is one that is built on the solid rock of mutual respect for each other's sovereignty and of confidence in mutuality of interests and is perceived as such. The stationing of significant U.S. combat forces on Saudi soil is simply not a feasible alternative to strengthening their capacity to look after their own defenses to the best of their ability. No proud sovereign nation should be expected to delegate such responsibilities to another and distant nation. We would not do so in their shoes, and we cannot realistically expect them to do more—especially as they have alternative sources for entirely adequate substitutes, namely the British Nimrod (similar to our AWACS) and French fighter aircraft.

Finally, let me briefly turn to the question of what the consequences would be if Congress does not approve the sale—consequences for the United States, for Israel, for an enduring peace in the Middle East. The downside risks are large.

Although some complementarity of Saudi and U.S. interests would remain, their doubts about the value of U.S. commitments would surely grow. Almost certainly the Saudi ability to accept the risks of embracing our regional strategy and of supporting the peace process would decline. Similarly, Saudi willingness and capacity to exercise a moderating political influence in Arab councils would also inevitably suffer. While we might succeed in muddling through, failure to complete this present transaction would be so large and so important a signal that our adversaries would be sorely tempted to take advantage.

The result, inevitably, will be that our regional security strategy will be undermined. The chances of Soviet political coercion and military intimidation will grow as the prospects for continued Western access to oil will diminish. With the damage done to the credibility of presidential commitments and his reputation for foreign policy leadership, one can reasonably wonder whether the damage—itself substantial—would be confined to our national security objectives in the Persian Gulf and Middle East.

Ironically, Israel may pay as large a price as we if this sale is defeated. It almost surely will face a Saudi Arabia

Secretary Haig's News Conference on Prime Minister Begin's Visit

Secretary Haig held a news conference on September 10, 1981, to brief news correspondents on President Reagan's meetings with Israeli Prime Minister Begin.[1]

I think as this visit draws to a conclusion—at least the Washington phases of Prime Minister Begin's visit—it would serve a useful purpose to summarize where we stand as of this afternoon. There have been a number of discussions—one-on-one between the President and the Prime Minister, confined-group discussions and larger group discussions, discussions with State Department officials here yesterday and the Prime Minister and his delegation, a very private session this morning with the President, a larger plenary session this morning, discussions with the Secretary of the Treasury, discussions with the Secretary of Defense.

All of these discussions, of course, are eclipsed by the importance of the personal discussions between Prime Minister Begin and President Reagan, bearing in mind that this is the first meeting between the two leaders, both of whom are at the early edges of extended periods of future responsibility for the governing of their two countries and peoples.

In that sense, the personal rapport that was established between the two leaders, the frankness and cordiality of the exchanges between them, the commonality of threat assessment to both the United States and Israel certainly would have to lead to a value judgment that this was an exceptionally successful visit in every sense of the word. I think both of the leaders have so described it in their frequent appearances before the press in both toasts and formal statements.

In the area of bilateral relationships between Israel and the United States, this was an important visit. It has been a very difficult few months—the situation in Lebanon and other events in the Middle East—and it has provided a very good opportunity for President Reagan to reassure Prime Minister Begin of the longstanding relationships between our two governments which will continue in the period ahead to reaffirm unequivocally America's continuing support for the security and well-being of Israel. Associated with that are a number of other vexing doubts and questions of historic character which were touched upon and dispensed with clarity and precision.

One of the very important aspects of the meeting involved what I call "regional discussions of strategic dialogue," if you will. This is something which has been ongoing to a degree with certain interruptions since the outset of this Administration, starting with my visit to Israel last spring, at which time we discussed the importance of this strategic relationship.

During this visit both leaders had an opportunity and their responsible Cabinet counterparts also had an opportunity to, as what I've described earlier, "put some meat on the bones" of this strategic relationship. We agreed during this visit to launch a series of discussions immediately which would be designed to do precisely that and to deal with a number of possible areas of collaborative strategic endeavor between the two governments.

We've talked about having Cabinet-level groups, primarily under the aegis of the Secretary of Defense and [Israeli] Minister of Defense Sharon, and the respective military authorities, to consider such things as some limited initial prestocking, perhaps in the medical area; some discussions of joint exercises which would be appropriate in the region; and some ongoing strategic planning which would focus on external threats to the Middle East region, either direct threats from the Soviet Union, from Soviet proxies, or threats of the indirect kind—terrorism and the like. These talks will commence immediately, as I've pointed out, with a view toward arrriving at some joint conclusions and arrangements.

We also had an opportunity during the visit to focus precisely—and this focus will continue in the morning when we will have a working breakfast with the Prime Minister at which I will represent the U.S. side—to discuss the peace process itself, the autonomy talks. In this regard, the visit gave President Reagan an opportunity to thank Prime Minister Begin for the prompt agreement that has been arrived at between Egypt and Israel to get on with the autonomy talks, scheduled now to be held in Egypt on September 23–24.

It also gave President Reagan an opportunity to express his gratitude to Prime Minister Begin for the restraint under difficult circumstances, evidenced by Israeli policy, which has permitted, in contribution with other participants, the cessation of hostilities along the northern border of Israel and Lebanon.

It gave us an opportunity to exchange views on how we should proceed in the period ahead to strengthen these arrangements and to jointly conclude that the best interests of both Israel and the United States and peace and stability in the region would be a political outcome.

Finally, of course—and I know you're not interested in this subject—there were exchanges of views which were both frank and open, extensive, serious, and above all cordial with respect to the controversial question of the provision of AWACS [airborne warning and control system] or air capabilities to Saudi Arabia. In this regard, that exchange which took place yesterday—of which much has already been reported on and discussed—gave the Israeli delegation and the Prime Minister himself an opportunity to express their concerns about the provision of this or any other sophisticated armament to neighboring Arab states with which Israel's relationship is uncertain and a source of some concern. It gave us also an opportunity on the U.S. side to lay out with precision the reasons why we felt that in the long run provision of these armaments to Saudi Arabia was in the best interests of regional stability and the objective we have for achieving a peace process of longstanding and meaningful outcome.

In that context, it was very clear that Prime Minister Begin recognized that while he has both the right and the obligation to express his concerns, that this is a U.S. decision to make. It is a decision to be made in the context of the President's obligation for the conduct of American foreign policy and our own perception of the broader aspects of our vital interests in the Middle East and to do so in collaboration with the American Congress. During this visit it was clear that the Prime Minister did not interpose himself in this process, and I do not believe he intends to do so. Although I can't speak for him, he's been rather explicit on that himself.

In sum, I want to emphasize again that perhaps the successful character of this meeting is best underlined by the circumstantial events which have preceded it. The fact that the two leaders have had an opportunity to establish an unusual degree of rapport and mutual respect and cordiality and convergence of thinking augers very, very well for the difficult and important period ahead with respect to the achievement of our mutually held ultimate goals in which Prime Minister Begin has already made such substantial contributions. I'm talking about an acceptable lasting peace in the Middle East.

Q. Is there room for a strategic consensus in the Middle East between the United States, Israel, and Saudi Arabia after you heard Israel's expressions of concern especially toward Saudi Arabia?

A. Again, I think it's awfully important when you ask this question to recognize that there is already a strategic consensus in the context of the way I tried to describe it, perhaps not as well as I might have last spring. I'm talking about a growing recognition among all the states in the Middle East region of their increasing vulnerability to Soviet aggression, whether it be direct of the kind we see in Afghanistan or indirect of the kind we've seen in the Yemens, Ethiopia, and other regional areas.

I think, and I have said, that it is very clear that the very fact of this consensus has already made a contribution to the Lebanon situation where there have been unusual contributions from unusual sources which have, after all, bought us, if nothing else, a period of peace and stability when the prospects for conflict were very, very urgent and imminent. One must not look a gift horse in the mouth in that respect.

With respect to the longer term aspects of your question, this remains to be seen. I think it's very clear in the discussions we've held with the Israeli delegation that they would welcome a normalizaion of relationships with Saudi Arabia. That does not exist today but only the future will tell.

Q. We understand that Prime Minister Begin suggested that the agreement regarding the military strategic cooperation would be in the form of written agreements or a memorandum of understanding. What is the Administration position regarding such a formal agreement with Israel?

A. We're not opposed to such a memorandum. In fact, I think the two sides will attempt to draft one which would be no more than a launching pad for the kinds of discussions we are talking about. I would be less than frank were I not to suggest to you that there are real political and practical limitations on the degree of such collaborative action in the near term. The political will go without saying. The practical are that we are considering a number of things today associated with a stepped-up American defense budget associated with our power projection capabilities into the region, the rapid deployment force, prestockage associated with that, contingency planning associated with it.

All of those things require more careful thinking in the light of budgetary uncertainties which we are faced with today, and the fleshing out of the 5-year defense program that [Defense] Secretary Weinberger has laid out for the President.

So we have sort of focused on some narrower things, and I would be less than frank were I not to suggest to you that our Israeli friends have had a rather more fulsome assessment of things that they would see as potential collaboration in the period ahead, and that's why these discussions will serve a very useful purpose.

We must bear in mind, however, that limitations exist which will be the final governor of what will be achieved in the near term, but the process we are determined to start immediately and to achieve what can be achieved in the light of the limitations I outlined.

Q. What do you foresee here as being possible in this strategic consensus? Do you not anticipate any difficulty in your growing relations with the moderate Arab governments such as Saudi Arabia—Egypt more remotely— but what effect do you expect this to have in your relations with them?

A. I wouldn't anticipate it would have any effect because we have been in the process of conducting discussions with Egypt along these lines. We have not looked for bases in Saudi Arabia. Our relationships with them are somewhat different as a sovereign nation.

Clearly, we are talking about joint planning in some respects, collaborative studies and efforts which focus on the external threats to the region, which all of the nations of the region could be victimized by and have in some instances had a very direct exposure in the recent past. So I do not see these as mutually contradictory and, perhaps in a historic sense, ultimately dependent on progress which we hope to achieve in the peace process, a converging set of interests.

Q. Perhaps you can clear up one apparent contradiction. Today Prime Minister Begin said he does not want American troops. He wants American tools that Israel can defend itself. What, then, would the purpose and what would be the focus and scope of these joint military exercises?

A. I think, again, we're talking about—and it is true, incidentally—Prime Minister Begin has made very clear in discussions I had in Israel last spring and in his discussions with the President this week that Israel is dedicated to the proposition that it will defend itself. It has been prepared, as it has historically been prepared, to make the necessary sacrifices to do precisely that.

On the other hand, I think we all know that potentially there is always a great danger of major interventionism by outside powers into the region where it would be necessary for collaborative, cooperative work by the nations of the region that are threatened and by certainly the United States which has such a vital stake in the outcome.

Q. And do joint military exercises suggest that, in the event of outside interference, Israeli and American troops then would be prepared to fight alongside each other against this external—

A. I wouldn't go beyond what I have already said because perhaps already from what I've said you're going to be inclined to inflate this beyond its more practical aspects. I think, clearly, that as strategic partners we have a common interest in defending our vital interests. I won't put any more ominous overtone on that other than to state it as a simple fact, and it has always been.

Q. Is there at this point any consensus between the United States and Israel on strategy for proceeding in the autonomy talks?

A. Is there a consensus? I think there is certainly a consensus to get on with the task immediately to maintain that effort within the framework of the Camp David accords. I don't have to tell you that the work done earlier in the previous Administration by Ambassador Linowitz has been extensive, and in some cases very explicit, and achievements have been made.

There was a quietus period, where everything stalled out. I would hope we would pick up from that, building on what has already been established so competently in that previous effort. It remains to be seen very early on because I think after this meeting on the 23d and 24th we will have an easier grasp. But we would hope that meeting further details on the economic program which we have discussed with the Pakistanis.

Proposed Sale of Military Equipment

Given the immediacy of the threats with which it must live, Pakistan's vital military modernization program cannot wait until October 1982 when our first FMS credit may become available. Pakistan is today under direct military and diplomatic pressure to accommodate to Soviet designs in the region. We have, therefore, been discussing with Pakistan a range of urgently required military equipment for which orders must be placed in the immediate future. Items to be delivered in the near future will be paid for in cash.

We have agreed to sell a total of 40 F-16 aircraft. These sales, I should note, are not expected to result in a significant adverse impact on U.S. capabilities. The first six, to be paid for in cash, will be delivered no later than 12 months following the signing of a letter of offer and acceptance. The balance of the aircraft would be provided on an expedited basis over a subsequent period of a year and a half, beginning 27 months following the signing of the letter of acceptance and would probably be financed by a mix of cash and credit.

Since the Pakistan Government places particular importance on the military need and symbolic commitment implied in expedited deliveries of this aircraft, let me spend a moment to urge your support for this essential element of our new relationship. Pakistan has sought from the United States an aircraft which combines comtemporary technology and an affordable cost in order to upgrade its existing limited capabilities in the vital area of air defense. The F-16 meets these requirements. It is appropriate to Pakistan's security environment, which includes frequent violations of Pakistani airspace, and it is an aircraft which the highly competent Pakistan Air Force can fly and maintain. Recently a great deal of attention has been focused on the F-16's offensive or strike capabilities. We do not believe that Pakistan harbors aggressive designs against any of its neighbors. Furthermore, the numbers and kinds of equipment we propose to sell Pakistan are too modest to pose an offensive threat to any one of them.

Over the coming weeks we expect to begin the process in congressional notification on a number of other proposed sales of military equipment to Pakistan. We expect that this will include such items as modern tanks, self-propelled howitzers, armored personnel carriers, and attack helicopters. In a number of cases these early buys by Pakistan will require considerable effort on our part to adjust production and delivery schedules but in no case will there be serious adverse impact on U.S. forces. We have agreed with Pakistan on the major elements, though quite obviously actual sales commitments will depend on more detailed discussion as well as such factors as equipment availability, cost, and the availability of funds. A list of potential Pakistani purchases for the entire 6-year program is available on a classified basis to the committee.

The equipment purchases being discussed with Pakistan are relatively modest and represent a military modernization program Pakistan can afford through its own resources and the FMS credits we will seek from the Congress in coming years. The program is so modest, in fact, that it is bound to disappoint those commentators who have expressed fears that our proposed sales to Pakistan will spark an arms race on the subcontinent.

Those fears simply do not stand up under analysis. India possesses a very large, well-equipped, well-trained military establishment that provides it with a decisive superiority over Pakistan in the air as well as on the ground. Given the large numbers of advanced aircraft which the Indians already have or will receive from the Soviets and the United Kingdom, they will emerge 6 years from now with an even greater edge over the Pakistanis notwithstanding the addition of 40 F-16s to the latter's inventory. In fact, they should then have an advantage over Pakistan, in terms of modern fighter aircraft, of about six to one.

These hard facts should dispel any notion that the equipment we would provide Pakistan would upset the balance of power on the subcontinent. On the other hand, the mix of weapons we will be providing will go a long way toward meeting the mutual objective of our new relationship, and that is to enhance Pakistan's ability to deter attacks across the Afghan border. We recognize, of course, that even with our help Pakistan cannot acquire an independent capability to confront the full weight of a direct and massive Soviet attack. Rather, the intention of this program is twofold: first, to give Pakistan the ability to handle with its own resources a range of limited cross-border threats from Soviet-backed Afghan forces; and second, to keep the Soviets from thinking that they can coerce, subvert, or intimidate Pakistan with impunity. Our intention is to raise the cost of potential aggression and to demonstrate that a strong security relationship exists between the United States and Pakistan that the Soviet Union must take into account in its calculations.

The assistance we seek for Pakistan is, of course, contingent on congressional action in amending the waiver provision of section 669 of the Foreign Assistance Act, otherwise known as the Symington amendment. The Administration is prepared to accept the amendment proposed by the Senate Foreign Relations Committee for this purpose.

I should emphasize that this Administration is firmly committed to the longstanding goals of nonproliferation expressed in legislation and by past and present Administrations. We believe deeply that the acquisition of nuclear explosives by non-nuclear-weapons states would be contrary to the clear national interests of the United States. We have taken this vital national interest directly into account in shaping our new relationship with Pakistan. The Pakistan Government can be in no doubt about our concerns on this issue and the serious consequences which would inevitably flow from a Pakistani nuclear explosion.

Our approach is based on a recognition that a nation such as Pakistan may be motivated to move toward acquisition of a capability to build nuclear weapons because of a perceived threat to its national security which it believes cannot be met by conventional and political means. As praiseworthy as the intentions of the Symington amendment may have been, it is clear that it has failed to stop the Pakistanis from pursuing their nuclear programs. On the other hand, to the extent that it has kept us from helping that nation upgrade its conventional defenses, it may have added to the sense of insecurity that can only heighten pressures to achieve a capacity to develop nuclear weapons.

We urge the committee to join with us in trying a different and more positive approach. We believe that a program of support which provides Pakistan with a continuing relationship with a significant security partner and enhances its sense of security may remove the principal underlying incentive for acquisition of the nuclear option.

With such a relationship in place, we are hopeful that we will be able, over time, to persuade Pakistan that the search for a nuclear weapons capability is neither necessary to its security nor in its broader interest as an important member of the world community. If we deny ourselves this relationship, however, we will forfeit the opportunity to influence future decisions.

We are all acutely aware of the vital stake the United States and the West have in the volatile region of Southwest Asia. The chaos in Iran and the invasion of Afghanistan have added dramatically to the instability of the area. The Soviet Union continues to resort to intimidation, subversion, and outright aggression in pursuit of its ambition to become the ultimate arbiter of the destinies of the entire region.

We are seeking nothing more nor less than to help restore stability to Southwest Asia and to protect our interests in the Persian Gulf in part by enhancing our ability to project our military power to the region; but most particularly, by helping the indigenous nations develop their own capabilities to defend their own interests.

Unlike the Soviet Union, we do not seek a position of dominance in Southwest Asia. What we do seek, in admitted pursuit of our own self-interest, is to prevent the Soviets from achieving their goals. This we can do by helping the nations of the area contribute to regional defense by making them better capable of looking after themselves. We believe this approach is not only the one most likely to succeed but also the one most consistent with our own national principles of noninterference in other people's affairs.

Pakistan is a test case of this approach to regional security. We propose a balanced program of economic assistance and military sales and credits to help Pakistan play its essential role. It is appropriate to Pakistan's needs and commensurate with our interest in the area. I urge the committee's understanding and support.

MR. McPHERSON

I welcome the opportunity to appear before the subcommittees to present the Administration's proposal for an economic assistance program to Pakistan. Intensive consultations during the past 4 months, both in Washington and in Islamabad, have produced an outline of a proposed assistance package which is responsive to both the anticipated Pakistani needs and U.S. Government objectives during the next 6 years.

As a result of my recent trip to Pakistan, we reached agreement on the utilization of $100 million in economic support funds (ESF) which have been requested for FY 1982. I might add here that throughout these negotiations, we made it clear that the figures and programs were only tentative since they were still subject to review and approval by the U.S. Congress.

Historic Economic Relationship

In order to put our current proposal in proper perspective, a brief explanation of our historical economic relationship with Pakistan may be helpful. Since the creation of Pakistan as a separate Moslem nation in 1947, the United States has provided over $5 billion in economic assistance. The program began modestly but reached annual commitments approaching the $400 million level in the early 1960s. Since that time, our level of support has declined and has even been curtailed on several occasions. The early program focused on technical assistance and disaster relief but increasingly shifted to providing the basic infrastructure required to facilitate the continued growth of this young nation. In latter years, we focused our efforts on fundamental development problems such as increased industrial and agricultural production, improved public administration, expanded social services, and critical importation of raw materials and essential capital equipment. We suspended our economic assistance other than food aid in April 1979 in accordance with the provisions of the Symington amendment to the Foreign Assistance Act (Section 669).

Nevertheless, the Pakistani people continue to believe that a close relationship exists between our two nations. With mounting external threats to the region and to Pakistan, there is a clear opportunity for us to make this historical relationship a more meaningful one. By helping Pakistan strengthen its economy, accelerate its development progress, and improve the equitable distribution of ensuing benefits, we will enable Pakistan to maintain its integrity as a nation and to stand fast against potential external threats.

Pakistan has experienced solid economic growth during the past 3 consecutive years with real growth averaging about 6% per year. Growth in the industrial sector during the past year was over 9% despite a comparatively poor performance in the textile subsector. Agricultural production was also strong with a growth of 4.3%, largely due to record sugar and wheat harvests.

The balance-of-payments situation, however, remains an area of major concern. The current account deficit for Pakistani FY 1980–81 was over $1.1 billion, although this was better than anticipated as a result of restrained imports, sustained growth in remittances from workers abroad, and continued export growth principally in agricultural products. Ultimately, Pakistan was able to cope with the short-term balance-of-payments pressure following the successful negotiation of a 3-year $1.7 billion extended fund facility agreement with the International Monetary Fund (IMF) and a short-term debt rescheduling arrangement with the bilateral creditors in the Pakistan donor consortium.

The relatively favorable economic performance Pakistan is experiencing has been partly the result of continued strong support by a number of major donors. This assistance is coordinated through the Pakistan donor consortium group chaired by the World Bank. During the June 1981 consortium meeting in Paris, the donors pledged $1.2 billion for Pakistani FY 1981–82 which represents a 20% increase over previous pledges. Assistance from the Organization of Petroleum Exporting Countries, which is outside the consortium, has grown steadily during the past 6 years and has totaled over $1 billion, 50% of which came from Saudi Arabia. Saudi Arabia has indicated that it is prepared to substantially increase its assistance to Pakistan in conjunction with the U.S. assistance program.

Proposed Economic Program

The proposed economic assistance program has been developed with the explicit objective of accommodating the diverse political, economic, security, and developmental interests we share with Pakistan. Broadly stated, the major objectives are to provide balance-of-payments support in order to help address short and intermediate foreign exchange shortfalls; initiate a long-term development assistance relationship; begin addressing key economic problems with the objective of enabling Pakistan to achieve self-sustaining growth and improved ability to manage its debt burden; and provide assistance compatible with IMF and World Bank programs.

September 25
Belize becomes 156th member of the U.N.

On a private visit to the U.S., Kenyan President Daniel Arap Moi visits Washington, D.C., Sept. 24–26 for discussions with President Reagan on a wide range of issues, including bilateral relations, and with other top U.S. officials.

September 28
Secretary Haig holds second meeting with Soviet Foreign Minister Gromyko, continuing talks on U.S., Soviet relations.

Former Venezuelan President Romulo Betancourt dies. Vice President Bush will head U.S. delegation to funeral to take place in Caracas in October.

At the invitation of the El Salvador Government, Everett E. Briggs, Deputy Assistant Secretary for Inter-American Affairs, visits San Salvador to discuss with the government and the Central Electoral Council ways in which the U.S. can assist in the preparation period for elections in El Salvador.

September 29
Defense Department releases 99-page report on the Soviet military buildup and the need for the U.S. and its NATO allies to modernize their defense forces to meet the Soviet challenge.

September 30
Conference on International Trade held in Omaha, Nebraska.

U.S., Haiti agree to establish a bilateral cooperation program to stop illegal migration of Haitian immigrants into U.S.

President Reagan issues a proclamation suspending entry of undocumented aliens into the U.S. and calling for interdiction of vessels carrying them. He also issues an Executive order concerning the interdiction of illegal aliens. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No	Date	Subject
*293	9/4	Program for the official visit of Israeli Prime Minister Begin, Sept. 9–15.
*294	9/5	Claims against Iran.
*295	9/8	Zhao Wenjin retires as caretaker of the U.S. Consulate at Amoy.
*296	9/8	Abraham Katz sworn in as Ambassador to the OECD (biographic data).
*297	9/8	Advisory Committee to the U.S. section of the International North Pacific Fisheries Commission, Sept. 26.
298	9/10	Haig: news conference.
299	9/11	Haig: interview on "Good Morning, America."
300	9/12	Haig: address before the Berlin Press Association, Sept. 13.
300A	9/15	Haig: question-and-answer session following Berlin Press Association address.
*301	9/14	U.S., Thailand amend textile agreement, June 17 and July 28.
*302	9/14	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on the carriage of dangerous goods, Oct. 22.
*303	9/14	Advisory Committee on Investment, Technology, and Development, Oct. 7.
*304	9/14	Advisory Committee on Investment, Technology, and Development, Oct. 9.
*305	9/14	International Telegraph and Telephone Consultative Committee (CCITT), working group B, Sept. 29.
*306	9/15	Haig, Vrhovec: dinner toast, Belgrade, Sept. 12.
307	9/15	U.S., Yugoslav press statement, Sept. 12.
*308	9/15	Haig: arrival statement, Berlin, Sept. 13.
*309	9/15	Haig: remarks at signing "golden book," Rathaus Schoeneberg, Berlin, Sept. 13.
*310	9/15	Haig: departure statement, Berlin, Sept. 13.
*311	9/17	Haig: address and question-and-answer session, World Bank, Sept. 16.
312	9/17	Haig: statement before the Senate Foreign Relations Committee.
*313	9/17	Haig: arrival statement, Bonn, Sept. 13.
314	9/17	Haig: news conference, Bonn, Sept. 14.
*315	9/17	SCC, committee on ocean dumping, Sept. 23.
*316	9/17	Advisory Committee to the U.S. National Section of the International Commission for the Conservation of Atlantic tunas, Oct. 15–16.
*317	9/18	Haig: interview on "Good Morning, America."
318	9/21	Haig: interview on "Issues and Answers," Sept. 20.
*319	9/21	President's Commission on Hostage Compensation recommendations.
320	9/21	Haig: address before the U.N. General Assembly, New York.
*321	9/22	First international conference of liberators of Nazi concentration camps, Oct. 26–28.
*322	9/23	Conference on International Trade, Omaha, Nebraska, Sept. 30.
*323	9/23	U.S., China amend textile agreement, Sept. 18.
*324	9/29	Haig: interview on the "Today Show."
*325	9/29	Foreign Policy Conference for U.S. editors and broadcasters, Oct. 29.
*326	9/30	Faith Ryan Whittlesey sworn in as Ambassador to Switzerland (biographic data).

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*Not printed in the BULLETIN. ■

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Despite the mid-1970s recession, we were able to liberalize the international trading system under the leadership of the General Agreement on Tariffs and Trade. This created new trading opportunities for a number of developed and developing countries. The International Monetary Fund remains the centerpiece of the international financial system. It has adjusted its programs and increased its resources to deal with the major pressures and problems of our era. The World Bank and other multilateral development banks have dramatically increased their resources and their overall support for development.

Much remains to be done to help low-income countries develop domestic markets and strengthen their exports. We recognize that. But we are just as convinced that the way to do this is not to weaken the very system that has served us so well but to continue working together to make it better.

I am puzzled by suspicions that the United States might ignore the developing world. The contribution America has made to development—and will continue to make—is enormous. We have provided $57 billion to the developing countries in the last decade—$43 billion in development assistance and $14 billion in contributions to the multilateral development banks. Each year, the United States provides more food assistance to developing nations than all other nations combined. Last year we extended almost twice as much official development assistance as any other nation.

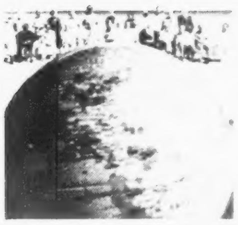
Even more significant is the U.S. contribution in trade. Far too little world attention has been given to the importance of trade as a key to development. The United States absorbs about one-half of all manufactured goods that non-OPEC developing countries export to the industrialized world, even though our market is only one-third the total industrialized world market. Last year alone, we imported $60 billion worth of goods from non-OPEC developing countries. That is more than twice the official development assistance from all OECD [Organization for Economic Cooperation and Development] countries. Our trade and capital markets are among the most open in the world.

The range and breadth of America's commitment extend far beyond concessional assistance. We believe in promoting development by maximizing every asset we have. As the world's largest single market, we can be a powerful conductor for economic progress and well-being. We come to Cancun offering our hand in friendship as your partner in prosperity. Together, we can identify the roadblocks to development and decide the best ways to stimulate greater growth everywhere we can. We have yet to unleash the full potential for growth in a world of open markets.

The United States is here to listen and learn. And when we leave Cancun, our search for progress will continue. The dialogue will go on. The bonds of our common resolve will not disappear with our jet trails. We are prepared to carry out the commitment in the Ottawa summit declaration to conduct a more formal dialogue—bilaterally, with regional groups, in the United Nations, and in specialized international agencies. We take seriously the commitment at Ottawa "to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress."

It is our view that "circumstances offering the prospect of meaningful progress" are future talks based upon four essential understandings among the participants.

- The talks should have a practical orientation toward identifying, on a case-by-case basis, specific potential for or obstacles to development which cooperative efforts may enhance or remove. We will suggest an agenda composed of trade liberalization, energy and food resource development, and improvement in the investment climate.
- The talks should respect the competence, functions, and powers of the specialized international agencies upon which we all depend with the understanding that the decisions reached by these agencies within respective areas of competence are final. We should not seek to create new institutions.
- The general orientation of the talks must be toward sustaining or achieving greater levels of mutually



President Reagan meets with Algerian President Chadli Bendjedid and other members of the Algerian delegation.

(White House photo by Michael Evans)

President Reagan with Deputy Prime Minister Crown Prince Fahd of Saudi Arabia.

(White House photo by Michael Evans)

The President greets Mohammad Shamsul Huq, Minister of Foreign Affairs for Bangladesh and Acting President of Bangladesh, Abdus Sattar.

(White House photo by Michael Evans)

beneficial international growth and development, taking into account domestic economic policies.

- The talks should take place in an atmosphere of cooperative spirit similar to that which has brought us together in Cancun—rather than one in which views become polarized and chances for agreement are needlessly sacrificed.

If these understandings are accepted, then the United States would be willing to engage in a new preparatory process to see what may be achieved. I suggest that officials of our governments informally confer in the months ahead as to appropriate procedures.

But our main purpose in coming to Cancun is to focus on specific questions of substance, not procedural matters. In this spirit, we bring a positive program of action for development concentrated around these principles:

- Stimulating international trade by opening up markets, both within individual countries and among countries;
- Tailoring particular development strategies to the specific needs and potential of individual countries and regions;
- Guiding our assistance toward the development of self-sustaining productive activities, particularly in food and energy;
- Improving the climate for private capital flows, particularly private investment; and
- Creating a political atmosphere in which practical solutions can move forward, rather than founder on a reef of misguided policies that restrain and interfere with the international marketplace or foster inflation.

In our conversations, we will be elaborating on the specifics of this program. The program deals not in flashy new gimmicks but in substantive fundamentals with a track record of success. It rests on a coherent view of what's essential to development—namely political freedom and economic opportunity.

Yes, we believe in freedom. We know it works. It's just as exciting, successful, and revolutionary today as it was 200 years ago.

I want to thank our hosts for arranging this historic opportunity. Let us join together and proceed together. Economic development is an exercise in mutual cooperation for the common good. We can and must grasp this opportunity for our people and together take a step for mankind.

COCHAIRMEN'S SUMMARY, CANCUN, OCT. 23, 1981[2]

We, the cochairmen, had the great honor to preside over a meeting of heads of state and government designed to focus on relationships between North and South, particularly the serious economic problems confronting the international community. The U.N. Secretary General attended as a special guest.

We strongly believe that the very fact that 22 leaders from some of the world's most influential yet diverse countries were prepared to come to Cancun and discuss these issues clearly demonstrated the importance and gravity that they attached to them. The North-South relationship was seen as one of the most serious challenges to be faced in the coming decade, ranking with and linked to the maintenance of world peace, as a priority for the attention of all governments.

The spirit which prevailed among us as we addressed these fundamental issues was extremely constructive and positive. It was clear from the outset that we were not here—indeed, we could not be here—to take decisions on behalf of the rest of the world. Our task was, rather, to bring our voices to bear at the highest level on the fundamental issues, to identify the major problems, and to try to evaluate and promote possible solutions. With this end in mind, we spoke openly and frankly to one another and did not try to evade the which buys from the Europeans the same military capabilities as we propose to sell, but a Saudi Arabia which is less responsive to U.S. influence, less willing to work with us in the search for a lasting peace, and less able to resist the pressure of radical forces from inside and outside the region. Indeed, if the sale is defeated the only winners will be those who would benefit from regional turmoil and curtailed Western influences and curtailed Western access to oil.

I have tried to outline the broad context within which the President decided to go ahead with this sale and its political and strategic rationale. I have touched more briefly on the specific systems involved and on several other important topics, which I am prepared to discuss with you further in response to your interests. ■

Secretary's News Conference of October 7

Secretary Haig held a news conference at the Department of State on October 7, 1981.[1]

Let me begin first by repeating our shock and dismay at the tragic assassination of President Sadat yesterday. President Sadat understood the quest for peace and security demanded perseverence and courage. We must take from this terrible event a fresh determination to complete his work.

Our pursuit of peace in the Middle East must continue to be guided by the Camp David accords. The Treaty of Peace Between Egypt and Israel is a lasting achievement in the interests of both parties and of the entire region. The autonomy negotiations, an equal part of the accords, will receive our continuing and active participation in the days ahead. We are full partners in this process.

Efforts to achieve peace must not ignore the threats from forces inside and outside the region, forces whose interests are antagonistic to the independence of every country in the area. Accordingly, the United States is pledged to work with Egypt and with our other friends in the region to build a structure of relationships which will protect and advance our mutual interests in the Middle East.

We have been greatly heartened to hear from Vice President of Egypt Mubarak and the Egyptian Government that Egypt shares our views about the importance of continuing the work begun by President Sadat. The United States looks forward to further cooperation with Egypt as we strive to achieve the peace and security in that area.

I think a brief reflection on President Sadat is in order, and perhaps the statement made by him in 1975 to Peter Jennings of ABC News would be beneficial to reflect on. He said at that time that he would like his tombstone to read: "He has lived for peace, and he has died for principles."

I think the essence of what I have just touched upon in the formal statement should be emphasized in several key areas as we face the period ahead without this gigantic personality at our side.

First, it is clear that the successor government in Egypt will be one marked by continuity, and we were greatly assured yesterday by a reiteration of the Vice President that Egypt's domestic and foreign policy will be one of a continuation of the Sadat legacy.

Second, we are encouraged that the constitutional process in Egypt is now underway in strict accordance with that constitution. I understand that shortly the People's Assembly will select Vice President Mubarak as the nominee to succeed President Sadat. On Monday there will be a referendum designed to approve this selection, and by Wednesday the People's Assembly will deal with it.

I think one of the questions that is on everyone's mind is whether or not this tragic event was the consequence of a broadly based coup d'etat or rather the actions of a more narrowly based fanatical group within Egypt proper. Thus far the intelligence that we have available to this government, confirmed by that available to our friends in Egypt, suggests that it was an assassination, not a coup d'etat, and that the base of this assassination was a group of fundamentalists, religious fanatics, centered not exclusively but primarily in certain military units.

I think it's important to emphasize at the outset the determination of this government, of President Reagan especially, to continue to build on the friendship and the cordial relationships between ourselves and the Government and the people of Egypt, the most populous nation in the Arab world. In this regard, I think I can commit this government, with the approval of President Reagan this morning, to a firm dedication of continued American support to the Government and the people of Egypt. We would view with great concern at this juncture any efforts by external powers to manipulate the tragic events of the last 24 hours.

I think it's also important to bear in mind that, while there is a backdrop of propaganda from certain capitals in the region and elsewhere, that it is the U.S. view that the period ahead is one which must be a reflection, an elucidation of the reflection, of the desires of the people of Egypt, and we intend to be a strong partner with Egypt in insisting on that reality.

Q. Opponents of the AWACS [airborne warning and control system] sale to Saudi Arabia are saying the assassination of Sadat underscores the instability in the Middle East and the danger that the AWACS could fall into unfriendly hands if we go ahead with the sale. How do you respond to this?

A. First, I think in the context of what I've already just said, such events, such tragedies, are not unique to Egypt or to the states of the Middle East. One would only think back in our own history here in the United States where an American President has been assassinated, American officials have been assassinated, President Ford experienced two attempts on his life, and most recently President Reagan has experienced a similar attempt.

I think it is more important that we as Americans reflect on the growing lawlessness and terrorism which is characterizing the international environment today. As I have said in the past and would repeat again today, while there is no direct link thus far that would suggest external orchestration of yesterday's tragic events, nations which foster historic change by force, bloodshed, and terrorism contribute to an environment of increasing lawlessness internationally in all of our countries. I think it would be a tragic distortion to suggest that what occurred in Egypt yesterday is a unique aspect of the Arab world.

With respect to your specific question and the sale of the AWACS, I think we all know that President Sadat has spoken out vigorously as recently as a week ago on the urgency and desirability of proceeding with this sale as a manifestation that the United States and, above all, the American President can conduct a coherent foreign policy.

Were we to draw back in the wake of yesterday's tragedy from proceeding with a program which we have very carefully considered to be in the best interests of the U.S. Government and fundamental to the successful conduct of our foreign policy in the region, we would make a mockery of what all President Sadat stood for. It would suggest to many who will be measuring our attitudes and policies in the days ahead that equivocation and uncertainty have become a characteristic American style in the conduct of its foreign policy, and we are not going to do that. We believe that continuing with this project is more important than ever.

Q. Beyond showing the verbal support which you have just given, what is the United States prepared to do to protect the present Egyptian constitutional government if it becomes threatened?

A. I don't think the climate today—or, as a matter of fact, any climate—is improved by indulging in belligerent or threatening language. Let me just emphasize again that we feel that the period ahead in Egypt should be shaped by the desires of the Egyptian Government and the Egyptian people.

Q. You suggest that one tribute that the United States could pay would be to continue the work of President Sadat. One of his last unfulfilled projects was to set up a direct dialogue between the Palestinians and the other parties to the peace process. Is the United States considering entering such a dialogue?

A. I think the longstanding U.S. position on that question needs no further elaboration. All the parties concerned understand thoroughly that longstanding policy, and I see no change in it in the period ahead.

I do want to emphasize, however, that what President Sadat was particularly concerned with was the successful completion of the Camp David accords in which the return of the Sinai, scheduled for next April, and the successful completion of the autonomy talks—the new rounds of which have already begun with some encouraging progress—become the focal point of American diplomacy in the Middle East in the near term; and the successful completion of these would be, in my view, the greatest testimony to the historic contributions toward peace and stability made by President Sadat.

Q. One of President Sadat's last actions was sending Mr. Mubarak here last weekend, as I understand it, to urge greater U.S. support to countries like the Sudan which he felt were threatened by Libyan forces operating out of Chad. In your opening statement you seemed to elude to other countries. Could you give us some feeling of your estimate of the situation facing the Sudan or what the United States is prepared to do about helping out that country?

A. First, let me emphasize that the visit here last weekend of Vice President Mubarak, at the instructions of Presi-

Death of Egyptian President Sadat

President Anwar al-Sadat of Egypt was assassinated in Egypt on October 6, 1981, while reviewing a military parade.

Following are statements by President Reagan and Secretary Haig on October 6.

PRESIDENT REAGAN[1]

Today, the people of the United States join with the people of Egypt and all those who long for a better world in mourning the death of Anwar Sadat. President Sadat was a courageous man whose vision and wisdom brought nations and people together.

In a world filled with hatred, he was a man of hope. In a world trapped in the animosities of the past, he was a man of foresight, a man who sought to improve a world tormented by malice and pettiness.

As an Egyptian patriot, he helped create the revolutionary movement that freed his nation. As a political leader, he sought to free his people from hatred and war. And as a soldier, he was unafraid to fight. But most important, he was a humanitarian, unafraid to make peace. His courage and skill reaped a harvest of life for his nation and for the world.

Anwar Sadat was admired and loved by the people of America. His death today—an act of infamy, cowardly infamy—fills us with horror.

America has lost a close friend; the world has lost a great statesman, and mankind has lost a champion of peace.

Nancy and I feel that we have lost a close and dear friend and we send our heartfelt sympathy to Mrs. Sadat, to his children, who were here such a short time ago.

SECRETARY HAIG[2]

The death of President Anwar Sadat of Egypt grieves me deeply, as it does all Americans. His assassination closes a unique career, marked by a blend of courage and vision. At this tragic moment, let us remember the principles for which he gave his life.

Anwar Sadat's vision was rooted in a profound sense of reality. He saw that the security and progress of both Egypt and the Middle East depended on peace. He believed that it was possible, in the context of peace, to add a new and constructive chapter to Egypt's long history and civilization. It was this sense of civilization that guided his historic visit to Jerusalem and the achievement of the Camp David accords.

The quest for a comprehensive peace, along with the modernization of Egypt, became the cornerstones of his policy. His tenacious pursuit of peace, so much in the interest of Egypt and the entire area, won him the support and admiration of much of the world. Anwar Sadat stood for creative, dynamic, peaceful change. His actions were dedicated to a world in which nations could settle their disputes without war.

During this difficult transition period, the United States will stand firmly by Egypt. We are confident that the Egyptian people and their constitutional process will prevail. But this terrible event must not disrupt the promise of Anwar Sadat's historic achievements. The best monument to his memory will be the completion of his noble work. Let us dedicate ourselves anew to the task of peace.

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[1] White House press release.

[2] Press release 338. ■

would set an agenda for specific accomplishments, benchmarks, and a fixed time schedule in which to achieve them.

Q. How will the United States be represented at that meeting?

A. We feel it's best to be represented by those who have the most intimate feel for what has preceded and the situation in the area. So it would be our two local ambassadors, our Ambassador to Israel and our Ambassador to Egypt, with a representative from the State Department here, of course. Following that meeting, we will then make a decision as to what level would be most appropriate for future meetings.

Q. You've made a reference before to the phrase you have used about "meat on the bones" of the rhetoric of the strategic cooperation; and in the course of some of your remarks today you alluded to a few examples.

Now, given [the earlier] question and your own anxiety about everybody running with a different kind of headline, so to speak, I wonder if you'd be good enough to run down some of that "meat" right now so we could get it as clearly as possible.

A. I suppose the most self-defeating thing you can do is to get out ahead of the discussions which we are now programed to take place. That is already a constraint that I don't think serves any purpose to violate today. It could be any number of things, and it can be an elaboration and an expansion of the things I talked about already; it could be some entirely different things. But all these things are going to have to be governed by the practical constraints of American capabilities in the near term and political considerations.

Q. Were there any Israeli requests or agreements on additional military and economic aid or new weapon systems to help you flesh out these bugs?

A. It goes without saying that Israel, just like the United States and all Western industrialized states today, is suffering the consequences of runaway inflation and declining productivity and a general economic malaise which justify some mention of additional Israeli needs in the period ahead. There were exchanges, both with Secretary Regan—our Secretary of Treasury—and the Prime Minister and with the President and the Prime Minister. During these exchanges we made it very clear that we, too, were faced with some very serious constraints and that these constraints will have an effect on our flexibility to deal with additional levels of assistance in the period ahead. I would say that it was nothing more than a broad exchange of that kind.

Q. Is one of the issues that you're discussing the passing on of intelligence information from American spy satellites to the Israelis?

A. The answer to that is no, there has been no such specific request. I would be disingenuous if I were not to suggest to you that the Prime Minister is meeting with the Director of Central Intelligence, and increased intelligence assistance to Israel will clearly be one of the topics. But we don't ever, in an public venue, go into detail on that.

Q. This morning Prime Minister Begin defended in great detail President Sadat's recent crackdown in Egypt in order to prevent a Khomeini—in quoting him—"fanatic to destabilize the stability in Egypt." Do you agree with the President's view that Sadat should—

A. I never make it the habit to be presumptive enough to make value judgments on the view of a head of state of a friendly government, and I'm not going to do that today, and I think enough is said on that subject.

Q. Did you or any other American officials at any time ask the Prime Minister to show greater restraint in his military operations toward other countries in the Middle East? And, in particular, did the Israeli air strikes against Baghdad and Beirut come up? What was his response to that?

A. No, they did not come up; and, frankly, we viewed those circumstances as circumstances that are now behind us. Those circumstances themselves, those events, generated actions and counteractions which are also behind us. We did focus, as I pointed out earlier, on the strategic relationship—if you will, the strategic partnership, the alliance, in that sense of the word—between Israel and the United States and the mutuality of obligations incurred on both sides in such a relationship. And I think that's understood on both sides.

Q. Even though there is no link—as you've said several times—between the AWACS and the new strategic relationship, was the discussion—or no direct link—was the discussion about the strategic relationship at least partly intended to assuage the Israelis or make them feel that they are protected against any threat that they perceive from the AWACS?

A. No. I think it would be really spurious to suggest such a thing. I discussed the strategic relationship during my visit to Israel last spring. It's a dialogue, incidentally, that's been going on for some 4 years; but usually it has been confined to rhetoric.

Secondly, I want to make the point very, very clearly that on this occasion the Israeli side came to Washington with this high on their agenda of objectives. So the connotation you've put on it in your question would not be correct.

Q. So that I, at least for one, don't go out of here reporting arms to China—arms sales that caused you some concern—

A. All right. I'd be very upset if you were to do that. [Laughter.]

Q. —about the way we all reported it. I don't understand whether this is some new breakthrough—

A. Not at all.

Q. —in strategic cooperation between Israel and the United States. Have you agreed on these examples that you used or have we simply agreed to talk about it as a result of this meeting? Can you put it in some perspective?

A. Let me put it in a greater perspective. As I say, there has been a strategic dialogue under way between the United States and Israel for at least 3-4 years. When I went to Israel in May, I talked about expanding this and giving it a greater sense of urgency and specificity. In the intervening period I think both sides thought about how they would do it.

In our case, we focused on the three areas of potential collaboration I spoke to: some limited prepositioning, some joint exercises—especially, perhaps, in the naval area—and some planning which could lead to further collaboration. The Israeli side did the same, and they came with a somewhat fuller list.

Now, the question is: Did we agree to anything in this visit? The answer to that is yes. We agreed to start an immediate dialogue and joint efforts which will include not only the three areas I spoke to but also any other proposals that the Government of Israel may care to put forward.

Now, the only thing I'd want to caution you on is that I wouldn't view this as some historic event of unusual significance but, rather, as an important consensus of view to get on with an important task of mutual interest to both governments and that it will be conducted under the constraints and restraints that I spoke to. That means it's going to be a long-term evolutionary process.

Q. Does that mean, when you talked about political constraints, domestic or political constraints in the Middle East such as one thinks of?

A. I think both—in the broader sense here at home. Anything that gets close to commitments and obligations involves coordination and consultation with the Congress. In the region, it's very important also that the objectives of these things be viewed by neighboring states, moderate Arab states, as being parallel to those kinds of things that are potentially available to them at some point. In some instances there have been discussions. But, of course, our relationship with Israel is rather advanced in that regard.

Q. Could I ask you a kind of a devil's advocate question? Some people who would have said that because of the—

A. I'm trying to find out who is the devil now. [Laughter.]

Q. This is an imaginary devil—or, at least, some editorial writers who have said that because of the Israeli raids on Baghdad and Beirut, and obviously the lack of consultation, that the United States should have used the visit of Mr. Begin as an opportunity to really be rather firm and tough and unrewarding.

In fact, as you've said, those two subjects apparently did not come up. And from talking to the Israelis, they're rather pleased because they feel that they are on a very positive track with the United States. Can you just discuss the psychology of diplomacy dealing with the Israelis—why it's more the carrot than, say, the stick?

A. I wouldn't want to characterize the discussions as being either carrots or sticks. I would characterize your question as being a very neat devil's advocate question.

I think my answer to the earlier question with respect to our strategic partnership, mutuality of obligations, the fact that these subjects have been discussed in detail well before this visit should put to rest any advocacy for one. I think the fact that there were extensive exchanges on mutual interests, mutual responsibilities and obligations—and I can tell you in the case of the AWACS, for example, the expositions were rather clear and concise and unbending on both sides. So I would hope that your "devil" will go back to the prayer table [laughter] and look for something else.

Q. As you know, the Saudi Arabians, in particular, have taken a very keen interest in the AWACS sale and also in the progress of the autonomy talks. If you should be in a position at any time in the near future to discuss these matters with anyone in authority in Saudi Arabia, do you feel now that you're in a position [laughter]—

A. That's a hypothetical.

Q. Just a hypothetical.

A. All right.

Q. I'm trying to be helpful. [Laughter.] Do you feel that you're in a position to reassure them on both those counts: 1) that the AWACS sale is on track; and, 2) that the government of Prime Minister Begin is serious about pursuing a settlement to the autonomy problem?

A. In the hypothetical case I would be speaking to any other interested party in the region. In the near future or distant future, I think there is no question about this Administration's clear dedication to the proposition that the successful transfer of the AWACS to Saudi Arabia is in the vital interest of this country. It will be a contributor to regional stability. There will be sufficient transfer arrangements associated with this sale that will obviate the lesson and diminish the concerns—legitimate concerns—that anyone might have with respect to its character. I will put that aside.

With respect to the peace process, I think it is very clear that both Prime Minister Begin and President Sadat in the recent meeting in Alexandria clearly committed themselves to an autonomy process, to the resumption of that process, with a sense of urgency that has been lacking in the recent past for a host of reasons—perhaps, over which neither side had control over—and that we in the United States are going to be an active partner in this process. We seek the earliest possible achievement of an autonomy agreement and that for whatever reason, both Egypt and Israel—and they may be differing reasons—feel a similar sense of urgency on the need to do this. I hope that it will be done by April of this coming year.

Q. Could you clarify one phrase you've used twice now before you leave us? You talked about mutual responsibilities and obligations. Are you talking in a legal, formal sense? Have we incurred some new obligations and responsibilities toward Israel, and have they promised some obligations toward us?

A. No, not in the sense of your question; I think in the sense of the understanding in a broader sense—the spirit of partnership—and that is that one side takes very careful consideration of the interests of the other side in whatever they do. And that is not a legalistic obligation.

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[1] Press release 298. ■

Secretary Interviewed for "Good Morning, America"

Secretary Haig was interviewed by David Hartman and Steve Bell for ABC-TV's "Good Morning, America" on September 11, 1981.[1]

Q. Yesterday President Reagan and Prime Minister Menahem Begin of Israel concluded 2 days of talks in Washington and in these talks, the United States and Israel, it is being reported this morning, agreed to what is called a new "strategic collaboration," including perhaps joint naval maneuvers, the stockpiling of some American supplies in Israel, and joint planning to counter the Soviets.

We understand that this "strategic collaboration," if you will, is something that Israel has always wanted, but perhaps other Administrations have shied away from because they were concerned about Arab reaction. What do you say to the Arabs to reassure them about this new report this morning?

The general areas of concentration for this assistance program are agricultural production, energy, population and health, tribal area development, and private sector mobilization. The greatest emphasis is on various aspects of support for continuing growth in Pakistan's key agricultural sector. In the coming fiscal year, we would propose to spend approximately 80% of the $100 million in this area, including programs for the import of fertilizer and agricultural equipment, irrigation system improvement, and rural electrification. We also propose to resume support in the areas of population and health, including the control of malaria. New departures in our overall strategy include programs to assist in Pakistan's development of indigenous energy resources and specifically targeted development activities in the less developed and politically sensitive regions of the Northwestern Frontier Province and Baluchistan. You should, of course, understand that our projections for FY 1983 and beyond are at this point notional. They will be adjusted with experience and subject to the close scrutiny of the Congress on an annual basis.

During my August 1981 consultations in Pakistan, I had the opportunity to meet with high government officials including President Zia and Minister of Finance Ghulam Ishaq Khan, as well as Pakistani lawyers, businessmen, and educators. I visited Afghan refugee camps and talked to a number of farmers and artisans. I was struck by the interest evidenced in a renewed economic assistance relationship and by the frankness and responsiveness on the part of all Pakistanis. I believe this is a unique opportunity for this Administration to reshape its historic relationship with Pakistan. We must remember that the Pakistanis are a proud people, fiercely independent and determined to pursue their own course as an Islamic nation. I believe we must establish this relationship on the basis of equal partnership with the mutual interest in Pakistan's independence and continuing economic development.

We are all concerned in the economic stability of Pakistan in order to enable it to withstand the mounting threats in the region. The program which the Administration is proposing is vital to the security and political interests of the United States. This program is directly responsive to key economic constraints which face Pakistan today. We hope that the Congress will share the Administration's policies with respect to Pakistan and will support this new relationship by lifting the Symington amendment restrictions and funding the proposed FY 1982 economic support fund program. I stand ready to consult with the subcommittee on a continuing basis as the specifics of the Pakistan program are worked out between our respective governments.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Namibia

The following statement was issued by the Governments of Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States on September 24, 1981.

The Foreign Ministers of Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States met in New York on 24 September to review the progress made in their search for an early settlement of the Namibian question.

The ministers noted that there have been extensive discussions with interested African governments and the OAU [Organization of African Unity]. The ministers also noted that discussions had taken place between the U.S. Government and the South African Government and that there had been a recent exchange of messages between the five and South Africa. It is, therefore, now possible to identify more clearly the issues involved and a process for their resolution which would lead to implementation of Security Council Resolution 435.

The ministers noted that the stage reached in their work and the consultations in which they have engaged have enabled them to consider proposals to deal with these issues and thus to create the confidence necessary for all parties to proceed.

In their consultations, the five governments have developed proposals for a timetable for further and final negotiations with the objective of implementation of Security Council Resolution 435 in 1982.

The five have now completed their initial consideration of possible constitutional principles for the constituent assembly. The five believe that these proposals would be likely to secure the confidence of all concerned. Accordingly the five now intend to begin discussion of these proposed constitutional principles as well as a timetable and an approach to other remaining issues with the parties concerned starting in October.

The foreign ministers recognized and shared the desire of the international community to see early and meaningful progress toward the implementation of the U.N. plan and the independence of Namibia. They reaffirm their determination to pursue their efforts in cooperation with the parties concerned to resolve the remaining outstanding issues and thus secure, without further delay, a peaceful solution to the Namibian problem.

U.S.U.N. press release 59.■

Brazil and the United States Today

by Thomas O. Enders

Address before the American Chamber of Commerce in Sao Paulo, Brazil, on August 19, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.

No one can come back to Brazil—no one can come back to Sao Paulo—without a sense of exhilaration. For all the problems that must be faced and mastered, for all the difficult passages on the next 2 or 3 years, it is impossible not to believe that the original promise of the new world—the promise of change and creativity and an exceptional destiny—here remains intact.

For a decade—and more—Brazil has been moving steadily ahead: expanding, diversifying, and modernizing its industry and agriculture and drawing this vast nation together with ambitious undertakings in communications, transportation, and frontier development. This remarkable performance has shaped Brazil's challenge today: to manage wisely the forces unleashed by its very dynamism.

The United States, for its part, is in the midst of restoring its dynamism. The President and Congress have just completed a massive reordering of our economic priorities. The Federal budget for the new fiscal year has been cut back by $41.4 billion, with substantial further cuts to be made in succeeding years; personal taxes, business taxes, above all, taxes that affect investment have all been slashed for this year, for 1982, and again for 1983. These measures will redirect from public to private use perhaps as much as $750 billion by the end of FY 1986.

President Reagan's objective is not a useful but temporary adjustment at a particular stage in the business cycle. It is, rather, a profound long-term change to restore the vitality of a productive nation. His policies spring from confidence in the American future. And the support he has received shows that the United States has the discipline and grit to move scarce resources from consumption to production—and to national defense.

For a second major priority of the President is to rebuild our military power. Unmatched in nearly every dimension of strength in the 1960s, we saw our lead erode or disappear in sector after sector as we tried to signal to the Soviet Union that we both would benefit by shifting resources from military to civilian uses. The Soviet answer was to bolster their strategic and theater capacities and seek means to project military power into the developing world.

Now we mean to establish beyond all ambiguity that there is no alternative to peace. We mean to make it apparent that a challenge to us or to our allies would have an unacceptable cost. We are committing the resources to deter either nuclear or conventional attack in any of several theaters, particularly Europe and the Middle East. The President's plans call for raising the share of our total output going to defense from 5.7% to 7.0% between FY 1981 and 1986—altogether a $184 billion increase in constant 1981 dollars, for a cumulative defense outlay in those years of well over $1 trillion. At the same time, the President is pushing policies to increase domestic energy production in the United States and reduce our dependence on foreign oil imports. Already last year, our imports were down more than 25% from the 1977 peak. This year, they are running still lower.

President Reagan has described this new start as a "national renaissance." The United States vibrates with a renewed sense of national purpose—and of international leadership. With these policies firmly in place, and with the support of the Congress for them secure, we now have a framework from which to address relations with others. We have a president in charge of his government, his constituency established in the Congress and backed by a nation responsive to his leadership. The result is a foreign policy that reflects national values and resolve and has greater flexibility than at any time in the past generation.

We have thus reached a juncture when our countries are both conscious of this potential—Brazil after a sustained drive, the United States after fitful years of uncertainty. Perhaps it is time to revitalize our relationship, time to improve coordination and cooperation, time to consult on a widening range of issues, time not for nostalgia but to build new links.

We share with Brazil a Western tradition, a commitment to providing opportunity for the betterment of the individual, and a belief in mutual tolerance in a multiracial society. And Brazil's *abertura*—the effort toward democracy that has inspired respect and hope—strengthens this fundamental affinity. It is particularly appropriate then that the United States, having set a new course, should turn to Brazil.

We know, moreover, that Brazil is a developing country—one of the most successful in the world. It is impressive how decisively Brazil is countering the current account and debt service effects of the two great oil shocks, developing new sources of energy, improving the efficiency of energy consumption by businesses and households, and achieving new exports in fulfillment of the potential of this unique nation.

Although we are all aware that Brazil's leaders must cope today with a set of difficult economic problems, no one can doubt that Brazil will sustain high growth well into the next century. In an increasingly fragile world, that is a reassuring prospect—for Brazil's history and foreign policy make clear that Brazil's power will be dedicated to world progress and peace.

Common Foreign Policy Concerns

In sum, Brazil and the United States are among the relatively few states that have the strength and coherence to conduct worldwide foreign policies. And despite our often different perspectives, our engagement on the world scene has at least four critical common elements.

First, we face a common challenge to foster world prosperity. For both of us, the future depends on skillful management of economic and political relations with the rest of the world. As Foreign Minister Guerreiro said earlier this month at Cancun: "The developing countries are increasingly relevant to the very basic functioning of the world economy."

This does not mean that our respective approaches or policies can or will be the same. And specific aspects of the U.S. economy, such as high interest rates—I say aspects because it is not the policy of the United States to keep in-

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The Cancun Summit/1

hard issues. Nor did we indulge in recrimination or casting of blame on others. We were not bound by traditional bureaucratic entanglements nor did we allow ourselves to be shackled by posturing or rhetoric. The atmosphere throughout was receptive to new ideas and approaches and a willingness to listen and understand. We believe that together we succeeded in creating a spirit of genuine confidence and trust among ourselves.

Our task now will be to insure that we build upon this trust and understanding, carry this momentum forward into the future, and translate thought into action and progress with the aim of revitalizing the world economy and accelerating the development of developing countries. It is in this light that heads of state and government were clearly determined to attack the problems on an urgent basis in the international institutions existing for this purpose and to continue to give their personal attention to this process.

Obviously there were differences of view expressed. Among 22 very diverse nations, it could not be expected that interests would be identical or approaches necessarily the same. But what struck us most forcefully were the many areas of shared priorities and of common ground. Thus, while various roads were suggested to solve the problems facing us, in virtually every case the basic objectives were shared by all of us.

All participants recognized the importance of interdependence in terms of the functioning of their economies, reflected in the fact that the economic prosperity of any country or group of countries increasingly depends on the existence of conditions for growth and stability in other nations. They all appreciated that many of the economic problems which beset them individually could only be solved through joint action among states and that in this sense there was a high degree of mutual self-interest involved in promoting closer international cooperation. There was a strongly shared view that in the global community the problems of economic disparities among nations needed to be seen as the responsibility of all and, therefore, required concerted action. The view was expressed that, in an increasingly integrated world economy, no country or group of countries can evade their responsibilities. In this respect, regret was voiced about the absence of the Soviet Union from the meeting.

At the same time the importance of strengthening and increasing the effectiveness of cooperation among developing countries was seen as an element of growing significance in international relations. Many participants regretted the amount of resources devoted to armaments which could be better employed for developmental purposes.

It was recognized that many of the problems were deep and complex and not subject to quick or simplistic solutions. With a long and difficult period ahead, leaders committed themselves to working together to try to build an international economic order in which all states would be able to realize their potential with equal opportunities, and the developing countries, in particular, would be able to grow and develop according to their own values.

The heads of state and government confirmed the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress. Some countries insisted that the competence of the specialized agencies should not be affected.

With respect to substance, we focused on what we viewed as the major issues and the challenges facing the world economy under the headings of food security and agricultural development; commodities, trade, and industrialization; energy; and monetary and financial issues. Throughout the meeting the discussion was pragmatic and direct, touching both on broad approaches and frequently on specific details. These discussions made clear the political will of all participants at Cancun to move forward and to take action.

Food Security and Agricultural Development

Discussions on this topic indicated several general areas of understanding and shared viewpoints regarding the following principal questions.

The Cancun Summit

The President holds meeting with Executive President Forbes Burnham of Guyana and other members of the Guyanese delegation.

(White House photo by Michael Evans)

Tanzanian President Julius Nyerere is greeted by President Reagan.

(White House photo by Michael Evans)

President Reagan and other Cabinet members—White House Chief of Staff, James Baker and Assistant to the President for National Security Affairs, Richard Allen—meet with United Nations Secretary General Kurt Waldheim.

(White House photo by Michael Evans)

Persistent and widespread manifestations of hunger are entirely incompatible with the level of development attained by the world economy and, in particular, with existing food production capacity. Within as brief a period as possible, hunger must be eradicated. This objective is clearly an obligation of the international community and constitutes a first priority both at the national level and in the field of international cooperation.

Sustained and long-term internal effort on the part of the developing countries to attain increasing self-sufficiency in food production is the basic element in obtaining a real answer to the problem of hunger. Nevertheless, this effort requires timely and sufficient international technical and financial support in coordination with internal policies and strategies.

First, developing countries should define and put into operation, with the aid of ample and effective international support, national food strategies covering the entire cycle of food production, productivity, distribution, and consumption, that include effective action for the rural development, by means of increasing incomes of food producers which, paradoxically, are the ones most affected by hunger.

Food aid should be seen as a temporary tool in emergency situations. Such situations could well continue to exist—perhaps unfortunately at an even higher scale—over the next years; but food aid should not be used as a permanent replacement for the necessary development of the required food production in developing countries themselves.

The rate of population growth in some countries leads to increases in food demand that are difficult to meet. The experience of a certain number of countries has shown that development of a population policy aids in solving some of the most acute aspects of the food problem.

The workings of international agricultural and food organizations operating within the framework of the United Nations need to be reviewed in order to avoid duplication of work, to use available resources more effectively, and to improve their general efficiency.

A number of other points were mentioned during the course of the debate. Among the more important were the following:

A long-term program, geared to the eradication of hunger by the year 2000, should be prepared, including elements of both internal effort and international cooperation.

A number of steps could be taken to improve the effectiveness of food security mechanisms. Among these are the negotiation of a new international grains agreement; coordination of national food reserves; expansion of the international emergency food reserve, increasing the predictability and continuity of contributions to it; and establishment of reserves sufficient to cover the food security needs of developing countries, especially the least developed.

Task forces could be sent from developed to developing countries in order to assist the latter in developing and implementing agricultural programs and effectively disseminating high-productivity agricultural techniques.

International trade conditions also exert a considerable influence on the agricultural and food situation of developing countries. Trade barriers raised against agricultural products hinder the growth of agricultural activity and the achievement of food security objectives.

The recent setting up of a "food facility" within the compensatory financing scheme in the International Monetary Fund constitutes an important step. In the future, however, it would be necessary for the resources allocated and the terms of access to those resources to be more compatible with the needs of food-importing developing countries.

The International Fund for Agricultural Development (IFAD) requires prompt replenishment of its resources so that it may continue its operations without interruption.

Commodities, Trade, and Industrialization

Participants addressed a range of problems under this item.

Noting the slow progress in implementing the UNCTAD [U.N. Conference dent Sadat, touched upon a wide range of current Middle Eastern problems. They involved further emphasis on the AWACS sale which we just talked about and the significance and importance of that. They involved a discussion of the sense of urgency felt in Egypt for progress in the peace process within the Camp David framework and a reiteration of adherence to that framework. They involved also expressions of concern about the area you mentioned, but they were not the exclusive preoccupation of our discussions over the weekend.

It is clear that recent events suggest that the Libyan proclivity for engaging itself outside of its border to effect historic change—invasion of Chad, some indications of buildup along the border of Sudan, and some clear evidence of activities within Sudan are all matters of great concern not only to the Government of Egypt but to this government as well. We are reviewing the situation intensely in the light of our discussions this past weekend and making our own assessment of the dangers associated with this kind of Libyan activity. But I have nothing concrete to add to that update.

Q. There are reports in this building that you are not only going to Cairo for the funeral of President Sadat but that also you personally are going on to several other countries in the Mideast. Could you tell us where you plan to go and what you plan to do while you're there?

A. First, let me say with respect to the delegation for President Sadat's funeral, almost simultaneously with the beginning of this press conference the White House announced the composition of that delegation, and it is true that I will go with that delegation and head it up as the senior representative from the executive branch.

We will also include the appropriate highest level representation from both houses of the Congress, both sides of the aisle. An unusually distinguished representation from former Presidents Mr. Carter, Mr. Ford—and I understand that he has some scheduling problems to deal with—and former President Nixon; Henry Kissinger; and Mr. Sol Linowitz; all of whom over past history have been intimately involved with and were very close associates and collaborators with President Sadat.

With respect to any add-on activities, it's too early to say. We're looking at such possibilities to include my staying on in Egypt for a brief period to conduct discussions with what will clearly be the new government and to reassure that government of our continuing support and our full partnership in the peace process. It may include some additional stops as well, but I would prefer to hold up on that.

Q. I wonder if you could address yourself to an observation made by one of your predecessors, Dr. Kissinger, who you just said would be one of the members going on the trip. He said in an interview, and I'm quoting: "Had the United States supported moves against radicals in the area, were it known in the area that radicals get punished and moderates get rewarded, then Anwar Sadat would be alive tonight," and for whatever implications you read into that insofar as the foreign policy of the United States is concerned?

A. I think this goes right to the heart of some of the statements I have made, starting with the inauguration period about the dreadful plague of international terrorism and what has thus far been the inability of the international community to deal effectively with this scourge. And to the degree that we have been ineffective, to that degree we encourage those forces in the world who seek what will be inevitable and even desirable historic change by rule of force, by bloodshed, by terrorism, instead of by rule of law.

At the recent summit of the seven in Ottawa, the United States actively sought and succeeded in achieving a series of findings with respect to international terrorism. We are now actively engaged in implementing the commitments made by those governments to deal with international terrorism, hijacking, and the like. I would say it behooves all serious, civilized participants in the international community to work collectively together, more effectively than we have in the past.

Q. Can you offer anything under the headline of U.S. supporting moves against radicals in the area?

A. I think without dotting a lot of "i's" and crossing a lot of "t's," it could be troublesome diplomatically and less than prudent in the conduct of sound diplomacy. One could reflect back on a number of recent historic instances in which it appeared that our failure to react effectively could make a contribution to a process of encouraging radical tactics and policies.

I think it's very important that we strip American foreign policy of that proclivity, whether it be a result of a lack of unity within the executive and the legislative branches to formulate and conduct effective foreign policy which remains the primary responsibility of the President of the United States in consultation with the American Congress.

Q. Considering the Palestine Liberation Organization's (PLO) statement in Beirut yesterday that "We salute the hand that fired the bullet," as well as the long record of PLO terrorism, why is the Reagan Administration allowing the PLO to continue maintaining an office at 1326 18th Street here in Washington?

A. I think, in the first place, we know the term PLO encompasses a number of very varied attitudes with respect to the peace process and international civility, and we have never treated that movement as a united, totally synchronized operation.

Secondly, there were equally disturbing protestations from Tripoli yesterday. In fact, if one would go through the news clippings, the drum beat was astonishingly active and prolific and contentious and outrageous and escalatory in character.

Q. We have no embassy from Libya. We have no office from Libya.

A. No, and, as a matter of fact, we recently took action to close it.

Q. Why is the PLO considered better than Libya?

A. I think I answered the question. You have to know who you encompass in PLO.

Q. A number of your predecessors and commentators have said that unless the United States now takes a much more visible and active role in the negotiating process that Egypt will come under pressure from its Arab neighbors to rejoin the fold, so to speak—to rejoin the more radical Arab camp—and that Israel will feel far more reticent about making any concessions to a new government. You said that Camp David negotiations will receive our continuing and active participation.

A. Yes.

Q. But will the United States, you personally, in the next several months, take a much more visible, more active, more aggressive role in seeing that those negotiations come to a conclusion?

A. I don't like to characterize our partnership and our role as more active, aggressive, or whatever. I think the characterization of whatever our role will be and should be would be a direct measure of our assessment as to whether, whatever that role is, it is going to make a more positive contribution to the process.

For example, let me assure you that we have taken a very active role in the context of the recent resumption of the autonomy talks, in the context of the establishment of an agenda with work deadlines within that framework. With respect to what our public profile should be in the period ahead, that will be a direct outgrowth of the assessment I mentioned. After all, we don't just assume a public posture for posturing sake but rather to make a positive contribution to the process, and that will be the ultimate criteria.

Q. The relationship that the United States has had with President Sadat has sometimes been based on nothing more than a handshake; not everything that has happened between the two countries has been actually written down. To what extent do you think that his departure might make it more difficult for you to establish the strategic consensus that you have been seeking in the Middle East? I'm thinking particularly of the American use of bases and facilities at Ras Banas and other places.

A. Please, again, let me emphasize for almost the 130th time that we're not seeking a strategic consensus. We are seeking to recognize that such a consensus has developed in recent years as a consequence of Soviet direct or indirect activity in the region. If you want me to cite those events, I can do it. The litany is clear: Angola, Ethiopia, Southern Yemen, Northern Yemen, Afghanistan I, Afghanistan II. All of these activities have heightened the concern of the leaders of the Arab world as they see a new phase of what one might characterize as Soviet imperialism.

It is vitally important that American policy not ignore that reality, but attempt to shape our own policies in view of it, and that is the effort we're about with respect to the strategic consensus. I'm sorry I have to do that, but I constantly find some confusion about that.

Q. The other part of the question.

A. The other part of the question is this: I think whenever an event with the consequences and impact of the event we have just witnessed occurs, doubts, uncertainties, unsettlements result. That underlies the fundamental importance of reiterating, reverifying by actions and words, America's objectives and America's policies in the region.

That is not unrelated, as I pointed out a few moments ago, to this current AWACS sale. It is not unrelated to our commitment to continue on with the Camp David accords and whatever is best suited to bring a successful completion of those accords in the days ahead, and we intend to do so.

Q. In your opening statement, you expressed great concern, said the United States would have great concern about any efforts by any external powers to manipulate the situation in Egypt. Do you see any indication that there are such efforts underway, or about to be underway? It sounds like a message to Moscow. Have you communicated this to Moscow?

A. No, I don't want you to read anything untoward into what I said. I think we have taken similar stances in the past in other locations and regions. We have no evidence of external manipulation of events. There is considerable evidence, historically, of activities sponsored by Libya in Egypt, but not in this particular instance. We have as yet uncovered no evidence of their involvement. But I think the level of their rhetoric, as witnessed yesterday, and the character of that rhetoric would give one pause. And we would hope that they would not be tempted; they certainly are in external propaganda terms. They've already succumbed to that temptation.

Q. You mentioned "external" powers. I presume you would not consider Libya an external power to the region. Are you talking about the Russians—

A. I'm talking about external to Egypt. I think the Soviet Union knows our position, our friendship, and our relationship with Egypt. They know we consider that relationship absolutely vital to our interests in the region, and that we would treat it accordingly.

Q. You didn't mention that any women were going on this funeral delegation.

A. Oh, golly.

Q. Women are very interested in peace, and also Mrs. Sadat has been a world leader for human rights and peace.

A. I agree with that. I think our problem will be simply how much space we have, and whether you make an exception—

Q. Oh, come on, sir, you have enough space for the women.

A. In my heart, yes, always. [Laughter]

Q. I mean about the delegation.

Q. To follow up [the] question on the AWACS, Senator Baker has suggested that there be a moratorium on consideration of the AWACS for a time.

A. No, not at all.

Q. Do you intend to let the clock run to October—

A. You've misquoted Senator Baker, and the record should be clear here. What he was talking about was the pending vote in the Senate Foreign Relations Committee scheduled for Wednesday of this week and the desirability of slipping that a few days. It is in no way a suggestion by Senator Baker that some of the other suggestions made by opponents to the AWACS sale that it be withdrawn or suspended for 60 days or taken off the agenda of congressional action. I spoke to Senator Baker about that a very few moments ago, so I know of what I speak.

Incidentally, I'm sorry to have been so flippant about the question on women. I really haven't got the answer on it yet. I will have to assess it in the period ahead and see if we can, in fact, do it. I know my own wife has become close to Mrs. Sadat in every sense of the word, and I know that is also true of Senator Percy's wife, for example, who has been very close to Mrs. Sadat.

Q. You would agree that we have some qualified women who should go?

A. We have qualified women. Period. [Laughter]

Q. Did the U.S. Government have any kind of advance intelligence information that Mr. Sadat's life might be in jeopardy, and did the U.S. Government provide any intelligence information of that sort to the Egyptian Government?

A. I would never make it a habit of disclosing publicly those kinds of communications, had there been any. But I don't have to tell you that President Sadat was on the "radical hit list" and has been ever since the initial days of Camp David—and perhaps even before then.

A. I wouldn't describe previous Administrations' attitudes quite so sharply. There has been a dialogue underway with Israel for almost 4 years on this topic. I think there has been some frustration on both sides that nothing specific has been arrived at. We are also, as you know, engaging in similar discussions with some of the moderate Arab regimes, and I won't be specific but we do not see these as threatening steps against moderate Arab countries—precisely the opposite. These are coordinating actions which are designed to deal with the external threats from the Soviet Union or from Soviet proxies perhaps, and there has been a rash of that in the area as you know.

Q. Have you already had some reaction from the Arabs that would indicate that they are already reassured about what we're reading and hearing this morning?

A. No, nor have we sought any because we've been engaged in similar discussions with them. You'll recall when the President sent me to the Middle East this past spring, we talked about strategic consensus to deal with external threats.

That's a consensus which is already in place. It is a consensus which, incidently, has sustained us well in the Lebanon crisis. So this doesn't require any new spectacular approaches and is, indeed, not that. It'll be limited and moderated by practical realities and political considerations.

Q. Another key element of your strategic plan is the AWACS [airborne warning and control system] radar planes for Saudi Arabia and other sophisticated military equipment. And while you were holding a news conference yesterday reaffirming recommitment, Prime Minister Begin was on Capitol Hill arguing against the sale of AWACS. If Congress stops AWACS or weapons deliveries to the Saudis, would we still go ahead with the Israeli strategic cooperation?

A. Let me tell you while I was discussing it in a news conference, Prime Minister Begin was asked questions with respect to the Israeli view on the Hill. He's not here in this country lobbying against the AWACS, not in any sense of the word. He has stated that himself repeatedly during his visit. He feels that it is not Israel's role to intervene in an issue which involves coordination between the executive and legislative branches which is underway. That would be unacceptable intervention. I know the Prime Minister feels very strongly about that because I've discussed it with him personally. Now he does feel that he, when asked, must answer from his own perspective. But I'll add also that he has heard our perspective in great detail, and we feel that the logic underpinning this action is compelling and will, indeed, in the long run meet the vital interests of Israel.

Let me say also that this is not an issue that just was created with the Reagan Administration. There's been a dialogue on this subject for a number of years. We are not engaged in carrots or sticks or threats or blackmail with respect to the success or failure of this issue. It stands on its own merits. The relationship with Israel, on the other hand, is historic. It is not going to be derailed by particular differences or particular issues. It must not be. And now that doesn't mean that we do not consider this AWACS proposition an extremely important one. This is part of the President's foreign policy. It is the President of the United States who must be responsible for American foreign policy. And, indeed, we are both best served—both governments—if that principle is preserved.

Q. Last week on this program, Senator Gary Hart said that we should not give the Saudis strategic weapons because they are an unstable regime and also that they wouldn't be able to protect against Soviet espionage.

A. I wouldn't describe the Saudi regime as unstable in any sense of the word. And it is precisely in the interests of the Western world to continue to work in collaboration with that regime and that Saudi Arabia remains, as it has, a sovereign nation, essentially oriented toward Western interests. Certainly not only past and historic performances by that government but most recent performance, especially in the Lebanon crisis, especially in the vital area of Western oil needs, has underlined, as perhaps nothing else has here before, the importance of that American-Saudi Arabian relationship.

Q. There are a lot of concerns, as you know, here about the Israeli attacks on the nuclear reactor in Iraq and also the bombing in Beirut recently. Did you get any assurances from Prime Minister Begin that this kind of attack is not going to happen again?

A. We neither sought any nor received any. These issues have been discussed in detail between our two governments, and the events associated with them are now behind us. Some of those events were not particularly comfortable for one side or the other. Now we have talked about a strategic relationship—a new one, a reinvigorated one, if you will—and that relationship incurs automatically mutual obligations on both parties—a true partnership, if you will—and that means that actions taken by one side must always consider the vital interests of the other, and I think that understanding is very, very clear.

Q. The new agreement with Israel, could it possibly lead to a formal defense agreement?

A. I don't visualize that at all. That's not the intent of these coordinating steps that we are talking about. They are modest in character, and they are very finitely limited by both political and practical considerations.

Q. In the last week, as we all know, President Sadat in Egypt has put in jail some 1,500 people—political and/or religious critics. How concerned is our government about these events right now in Cairo?

A. Our government's position on freedom of the press is well-known. We, of course, regret this incident, and we have made our position on it clear in Cairo.

Q. Is there any concern that the Egyptian Government might have a stability problem?

A. We don't anticipate anything of that kind. There's nothing to suggest that.

Q. What's the next step as far as the autonomy talks, the Camp David talks? When are you next going to sit down personally and get involved?

A. Personally, that remains to be seen. I've been very actively involved for a number of weeks now—months—but we are very, very pleased that both Egypt and Israel have agreed to convene and resume these talks on the 23rd and the 24th of this month in Egypt. We'll see shortly thereafter at what level the United States will participate. We are going to participate in those.

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[1] Press release 299. ■

Reported Use of Chemical Weapons

The following statement was made to the press by Walter J. Stoessel, Jr., Under Secretary for Political Affairs, on September 14, 1981.

Yesterday in Berlin, Secretary Haig recalled that the United States, along with many other members of the world community, has been for some time concerned over reports of use of lethal chemical weapons in Afghanistan and Southeast Asia. He announced that the U.S. Government now had physical evidence from Southeast Asia found to contain three potent toxic agents.

As Secretary Haig promised, we are taking steps to provide this information to the world community through the United Nations, its member governments, and through the representatives of the national and international press here today.

Reports of the use of chemical warfare agents in Southeast Asia date back to 1976. The United States has publicly expressed its concern about these events on numerous occasions over these years. We have privately and formally expressed our concern to the Soviet, Vietnamese, and Laotian Governments, only to be told that our concerns are unfounded.

In June 1980, we prepared a 125-page compendium of reports of chemical weapons use, and we used that compendium as a basis for supporting the December 1980 U.N. resolution to establish an impartial international investigation into reports of chemical weapons use. We followed that with an update to the compendium in March 1981.

After earlier unsuccessful attempts to obtain physical evidence of chemical weapons use, we have recently uncovered significant, though preliminary, information to demonstrate clearly that our concerns were entirely justified.

Specifically, we believe we have obtained good evidence that rather than a traditional lethal chemical agent, three potent and lethal mycotoxins of the trichothecene group have been used. A mycotoxin is a poison typically produced in nature by living organisms. Analysis of a leaf and stem sample from Kampuchea has revealed high levels of lethal mycotoxins of the trichothecene group. The levels detected were up to 20 times greater than any recorded natural outbreak.

Since normal background levels of these toxins are essentially undetectable, the high levels found are considered to be abnormal, and it is highly unlikely that such levels could have occurred in a natural intoxication. In point of fact, these mycotoxins do not occur naturally in Southeast Asia.

The possession and use of toxins is a violation of both the 1925 Geneva protocol and the 1972 Biological Weapons Convention, as well as the rules of customary international law of armed conflict.

Over the past several years, a number of medical doctors working on this problem have visited Southeast Asia. They visited the borders in question, interviewed and examined refugees, reviewed medical records including public health data, and spoke directly with eyewitnesses to events in both Laos and Kampuchea.

Detailed analyses of this and other information leads us to conclude that mycotoxins, not traditional chemical warfare agents, produced the bizarre effects which caused the reported deaths. The test results we have recently obtained, together with the information provided by the physicians who have visited Southeast Asia, represent strong and compelling, but nonetheless preliminary, evidence that the lethal agents used are mycotoxins.

I want to caution you that there are certainly other agents being used that we have not yet identified. Incapacitating and riot control agents, as well as other possible lethal agents, may be involved.

We are attempting to obtain additional information from Laos and Kampuchea in an effort to obtain corroborative evidence. We are sharing this information with the U.N. group of experts investigating chemical weapons use, as well as our friends and allies throughout the world.

The United States believes that in the light of this new information, increased efforts must be made to visit the regions where chemical attacks are being reported. We have, therefore, urged the Secretary General's group of experts to take steps immediately to visit refugee camps and the areas of reported attacks in Kampuchea and the other regions in question to obtain testimony firsthand from eyewitnesses and victims of attacks, medical personnel, officials of refugee organizations, and any other evidence available.

We have also urged that the utmost effort be made to contact and obtain testimony from the many victims and eyewitnesses who have departed the refugee camps and started new lives elsewhere. ■

Nuclear Cooperation Agreement With Egypt

by Harry R. Marshall, Jr.

Statement prepared for submission to the Subcommittees on Europe and the Middle East and International Security and Scientific Affairs of the House Foreign Affairs Committee on September 10, 1981. Mr. Marshall is Deputy Assistant Secretary for Oceans and International Environmental and Scientific Affairs.[1]

I am pleased to be able to appear before these subcommittees today to discuss the agreement for nuclear cooperation between the United States and Egypt. On June 29, during the visit here of the Egyptian Minister of Energy and Electricity, this agreement was signed by Secretary Haig and Minister Abaza. We consider this agreement important to our interests in the vital and sensitive Middle East region and supportive of our nonproliferation policies. The agreement will be potentially significant to both countries in Egypt's development of nuclear power.

Background to the Agreement

The concept of nuclear cooperation has been discussed with both Egypt and Israel since 1974. Our consideration of this subject has, thus, spanned four Administrations. In 1976 tentative agreement was reached with both Egypt and Israel regarding such cooperation, but neither agreement was ever signed.

After the 1977–78 review of U.S. nonproliferation policy by the previous Administration, identical draft terest rates high, that is only one of the costs of excessive inflation—can create problems in Brazil.

But there is a deeper complementarity. A strong, productive economy in the United States will benefit all our trading partners and all who rely on the international monetary system to finance trade, investment, and growth. Brazil ranks high on both lists.

Our energy conservation increases the overall supply available to countries, like Brazil, that, despite their success in reducing consumption, must also import oil. And as we too achieve sustained growth, we intend to maintain open trading arrangements so that other countries, and particularly developing countries, can compete to benefit fully from that growth. That is all the more important now that the growth of world trade has slowed so sharply.

And, it seems to me, the United States and Brazil, as two of the most important forces in the international money market, have a common responsibility to maintain conditions in which the large-scale flow of capital from saver to investor—the latter often being a developing country—can be sustained. In addition, the United States and Brazil are among the only three or four countries that could make substantial inroads on the pressing problem of world hunger. Our great capacities to produce beyond our own immediate needs create common humanitarian and trading interests that will endure through the balance of this century and well into the next.

Second, neither of us can be indifferent to the fate of other countries in the hemisphere. Neither of us would be unaffected were one of our neighbors to fall victim to an economic depression or become subject to outside political domination or be attacked from within by insurgent forces organized, trained, and armed by a foreign power.

That is not to say that Brazil and the United States would necessarily have the same analysis of the situation or that we would foresee the same remedy or above all that actions coordinated between our two countries alone without consultation with others would be either wise or appropriate. But it seems to me that the stakes we each have in the hemisphere are so great that we should stay closely in touch when problems arise.

The United States is troubled, for example, by the situation in the Caribbean Basin. On the one hand, that condition common to many countries—high petroleum prices and low and falling prices for all other commodities—has spread depression throughout the area. On the other, one country—Cuba—is attempting to manipulate the internal affairs of its neighbors by covertly feeding the forces of armed insurrection.

We believe it is important to insure not only that those who menace the Caribbean Basin be exposed, but that socioeconomic vulnerabilities be addressed. We are actively exploring ways to join with both affected and interested countries to design and execute an action plan to restore sustained growth to a region that touches us both. Brazil's innovations in the use of gasohol—if they could be applied in the sugar-producing areas of that region—might reduce energy dependence and increase employment.

Third, we are both interested in preserving the security of the south Atlantic. One-half of the world's maritime trade in oil is carried through the south Atlantic from the Middle East and West Africa. Maintaining the flow is vital.

It would be wrong to extrapolate from this shared interest to suggest that a south Atlantic military pact of some sort should be constructed. That is not the policy of the United States. As I understand it, it is also not the policy of Brazil. Indeed, the threat is only potentially military.

The immediate danger now is political developments in Africa—the risk that regional tensions and polarization might increase and ultimately enhance Soviet-Cuban military opportunities along Africa's west coast. That is why the United States has taken the lead to relaunch Namibia's independ-

Brazil—A Profile

Geography

Area: 3,290,000 sq. mi. (slightly larger than the continental United States). **Capital:** Brasilia (pop. 1.2 million). **Other Cities:** Sao Paulo (8.5 million), Rio de Janeiro (5.1 million), Belo Horizonte (1.8 million), Salvador (1.5 million), Fortaleza (1.3 million), Recife (1.2 million), Porto Alegre (1.1 million), Novo Iguacu (1.1 million), Curitiba (1.1 million).

People

Population: 119 million (1980). **Annual Growth Rate:** 2.5% (1980). **Ethnic Groups:** Portuguese, Italian, German, Japanese, African, American Indian; 60% white, 30% mixed, 8% black, 2% Indian (1960 est.). **Religion:** Roman Catholic (93%). **Languages:** Portuguese (official), English. **Literacy:** 75% of adult population (1978).

Government

Official Name: Federative Republic of Brazil. **Type:** Federal republic. **Independence:** Sept. 7, 1822. **Constitution:** Jan. 24, 1967. **Branches:** *Executive*—President (chief of state and head of government). *Legislative*–66-member Senate and 420-member Chamber of Deputies. *Judicial*–Supreme Federal Tribunal. **Political Parties:** *Government majority party*—Social Democratic Party (PDS). *Opposition parties*—Party of the Brazilian Democratic Movement (PMDB), Popular Party (PP), Democratic Workers Party (PDT), Workers Party (PT), Brazilian Labor Party (PTB). **Suffrage:** Compulsory over 18, except for illiterates. **Administrative Divisions:** 22 states, 4 territories, federal district of Brasilia.

Economy

GDP: $237 billion (1980). **Annual Growth Rate:** 8% (1980). **Per Capita GDP:** $1,995 (1980). **Natural Resources:** Iron ore, manganese, bauxite, nickel, uranium, gemstones. **Agriculture:** *Land*—17% arable, cultivable, or pasture. *Products*—coffee, soybeans, sugarcane, cocoa, rice, beef, corn. **Industries:** Steel, chemicals, petrochemicals, machinery, motor vehicles, consumer durables, cement, lumber, shipbuilding. **Trade (1980):** *Exports*—$20.1 billion: manufactures (56%), coffee (13.8%), soybeans (11.2%), iron ore (7.7%), sugar (6.4%). *Major markets*—U.S. (17.3%), F.R.G. (6.7%), Japan (6.2%), Netherlands (5.8%), Argentina (5.3%). *Imports*—$23 billion: oil and other fuels (44%), capital goods (30.3%), consumer goods (19.1%). *Major non-oil suppliers*—U.S. (17.7%), F.R.G. (6.9%), Japan (4.6%), Canada (3.6%), Argentina (3.3%). **Official Exchange Rate:** 90.95 cruzeiros = US$1.00 (June 1981).

Membership in International Organizations

U.N., GATT, Group of 77, IMF, OAS, Rio pact, IBRD, Latin American Integration Association, International Sugar Organization, International Cocoa Organization, INTELSAT.

Principal Government Officials

Brazil: President—Gen. (ret.) Joao Baptista de Oliveira **Figueiredo**; Foreign Minister—Ramiro Elisio Saraiva **Guerreiro**; Ambassador to the U.S.—Antonio Azeredo da **Silveira**. **United States:** Ambassador to Brazil—Langhorne A. Motley.■

ence, and why we seek an end to the strife in Angola. The stakes are too high, the threats to our interests too great, and the costs to the peoples of Africa too heavy for us to turn away from these challenges. I suggest that we use, and perhaps enhance, existing channels of communication to make sure our separate national efforts in the south Atlantic support or complement each other and are adequate to the task.

Fourth, we share the same concerns about Soviet intervention in Afghanistan, the pressure which Soviet power exerts on Poland, and the impact of Soviet military ambitions on the balance of power in Europe. We share vital concerns about oil supplies from the Middle East on which we both depend.

We are both aware that the 1980s will be a particularly dangerous decade. Soviet military power will be at a peak, while its economic vitality slips ineluctably away. The U.S.S.R. must face a leadership change. Challenge to its domination within its own sphere of influence will intensify. We must be vigilant that the Soviet Union not seek military solutions to the growing circle of difficulties in which it will be enclosed.

Bilateral Relations

Let me turn now to our bilateral relations. On the whole, I believe our bilateral affairs are now being handled in a mutually supportive manner with sensitivity to each other's interests. Although not always so in the past, that is as it must be. Yet the very richness of our ties also provides many openings for renewal. When Foreign Minister Guerreiro and Secretary Haig took advantage of the meeting at Cancun to discuss our relationship, they were continuing a practice long familiar to us and Brazilian executive and congressional leaders. We have in place functioning consultative mechanisms—on trade issues and for the promotion of cooperation in such areas as agriculture and science and technology. Our military services consult regularly—the annual joint (UNITAS) maneuvers have taken place without interruption for 22 years.

And alongside these extensive official relations are our massive private sector ties. By the end of 1979, U.S. direct investment in Brazil amounted to over $7.5 billion. U.S.-Brazilian trade grew from $1.7 billion in 1970 to over $8.3 billion in 1980. This volume of trade leads naturally to problems on which we consult constantly, but it also stimulates production and raises living standards in both countries, constantly creating new opportunities.

Less noticed is the fact that the eight daily flights between the United States and Brazil carried over 600,000 travelers last year. Indeed, our citizens seem to have a cultural fascination with each other that goes way beyond Brazil's appreciation of rock music or U.S. appreciation of carnival. They not only enjoy each other's music, art, literature, and cinema, they identify with them. Interactions among our universities and scholars are increasing annually.

In managing these extraordinary official and private contacts, I think we are both persuaded that we must deal with each other on a basis of equality and cooperation while respecting the diversity manifest in our differences, in our state of development, institutions, and approach to world affairs.

One important way we can manifest that respect is to handle each question on its own merits, without attempting to tie it to others. This is the way friends act, confident of their strength and of each other. And we are engaged in so many affairs that linking problems in one sector with problems in another would risk impeding rather than advancing progress.

But I also believe that we should consult more fully and widely on actions that affect each other's national interest. This is a practice that has emerged, if somewhat fitfully, in the past, notably in the commercial and financial fields where further expansion of trade and investment are a major common interest. But it has not always applied. There have been lapses on both sides.

We should seek to give new meaning and impetus to this goal. It is the objective of the Reagan Administration to work closely with Brazil. And I hope that we will keep in mind the importance of consulting on all the many issues that affect us—for questions such as the North-South dialogue or stability in the Middle East can be as important as matters that arise in a purely bilateral vein.

Use of agreed international mechanisms can supplement our bilateral relations. The United Nations and the Organization of American States and their specialized agencies are important avenues for multilateral coordination. And in the economic arena, the General Agreement on Tariffs and Trade, the International Monetary Fund, the Law of the Sea Conference, and other international institutions often provide a framework for practical problem solving essential to the world order on which we both depend. But, as important as it is to interact positively in the multinational arena, it is the strength of the bilateral relationship that will define how constructively we can work together in the decades ahead.

Nearly 160 years ago, the United States was the first country to recognize Brazil's independence. Today, we are just as conscious that Brazil and the United States, each in its own and unique fashion, are moving toward an exceptional destiny. For our part, we believe that the world stands to gain far more from a U.S.-Brazilian relationship that builds on our common basic interests than one that emphasizes momentary differences. We both have the skills and energetic populations, the natural resources, the political stability, and the strategic position that history requires of great nations. The United States and Brazil have a great part of the world's potential for future growth. Yet we both face difficult transitions ahead, both economic and political. Perhaps we can help each other—more than we do now—to navigate these passages. Perhaps the time has come to update, to revitalize, to intensify our relationship. For our part, we believe it has. ■

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SPECIAL (See Center Section)

Atlas of United States Foreign Relations: Economics—Part 3 on Trade and Development] integrated program for commodities, particularly in the negotiation of new commodity agreements, they agreed on the need to complete procedures for bringing the common fund into operation. Because earnings from commodity exports are of fundamental importance to the economic growth and stability of developing countries, a range of possible approaches was suggested including more intensive efforts to negotiate effective international agreements to stabilize commodity prices and other measures aimed at stabilizing developing country earnings from commodity exports.

The need to improve the generalized system of preferences for developing countries was also recognized, as well as the need for continued efforts on the part of governments to resist protectionist pressures.

Several participants noted the contribution which the proposed GATT [General Agreement on Tariffs and Trade] ministerial meeting in 1982 could make to addressing trade problems of developing countries, including barriers to trade in agriculture and obstacles to the further processing of their raw material exports.

A number of participants referred to the importance of industrialization of developing countries and the contribution which increased trade could make to this objective. Restructuring of developed country industries was identified as being relevant to this objective, as was a positive result from the renegotiation of the multifiber arrangement.

The need to help developing countries improve their infrastructures, including transportation and storage facilities, was also raised, and a proposal for mobilizing resources to this end was presented.

Energy

It was recognized that energy is one of the key problem areas of the 1980s that must be tackled seriously and urgently. The problem was characterized more as a global one than as purely a North-South issue.

In order to insure an orderly transition from the era of hydrocarbons to the era of diversified energy sources, the proposal for a world energy plan as a framework providing an overall approach covering this complex process was recalled and interest expressed in it.

The potential contribution of regional energy cooperation schemes was also pointed out in the discussion.

It was also recognized that energy conservation must be pursued by major oil-consuming countries. Development of new and renewable sources of energy also required emphasis, as was agreed at the recent Nairobi conference.

Emphasized in the discussion was the serious problem developing countries face in meeting their large energy import bills which for many represent a good part of their limited foreign exchange earnings.

The need for increased energy investment, from both private and official sources, in developing countries was stressed. Support was expressed by many participants for expanded energy lending in developing countries by the World Bank, and, in this respect, the establishment of an energy affiliate was advocated.

Some participants suggested the need for better exchange of information between energy-producing and consuming countries in order to facilitate long-term energy planning.

Monetary and Financial Issues

Participants reviewed the financial difficulties being experienced by developing countries with regard to their balance-of-payments deficits, their debt service burden, and their development financing needs.

They discussed conditions of access by developing countries to the various sources of financing and the role of the relevant multilateral institutions, in particular the International Monetary Fund and the World Bank, in the light of the current economic and financial problems facing developing countries.

Points raised by some participants in the discussion included the impact of high interest rates, the creation and distribution of liquidity and role of the special drawing rights as a main reserve asset and in financing development, IMF conditionality, the decisionmaking proc-

Toasts of friendship during a luncheon meeting with Premier Zhao Ziyand of China. Clockwise from left are Chinese Foreign Minister Huang Hua, Premier Ziyand, the President, Secretary Haig, Secretary of the Treasury Donald Regan, and James Baker.

(White House photo by Michael Evans)

Meeting with Foreign Minister Hans-Dietrich Genscher of the Federal Republic of Germany.

(White House photo by Michael Evans)

The President listens to discussion during the second plenary session.

(White House photo by Michael Evans)

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ess in the international financial institutions, access to capital markets, and the respective role of private and official sources of external capital in development financing.

Several suggestions were noted for improved international financial cooperation.

PRESIDENT'S REMARKS, ANDREWS AIR FORCE BASE, OCT. 24, 1981[1]

Throughout these 3 days in Cancun, I have participated in a unique and highly productive exchange of views with leaders of developed and developing nations. I hope that I speak for the many other world leaders there in saying that Cancun was a substantial success.

The spirit of this conference, as the cochairmen described it, was extremely constructive and positive. The exchange was direct, frank, wideranging, and free of recrimination. We dealt with hard issues and yet succeeded in finding many areas of shared priorities and of common ground.

The fact that we could succeed demonstrates the possibility for more fruitful dialogue conducted with candor and mutual respect. I believe that all those who attended found our expectations fulfilled and even exceeded. Together we succeeded in creating a spirit of hope which we want to translate into progress to revitalize the world economy and accelerate the growth of developing countries.

Last week in Philadelphia, I spoke of the goal that motivates our effort—the enhancement of human freedom and economic opportunity. We evaluated the record of what succeeds and proposed a program to address the fundamental problems facing the developing countries and the world economy.

At Cancun we stressed many of those same important themes and the commitment of the United States to work with those countries in their development efforts. There was broad agreement on steps which had to be taken by the developing countries themselves and by developed and developing countries together to stimulate the process of growth. There was broad acceptance of many of the approaches proposed in Philadelphia and a strong desire to work with the United States in these areas.

All participants recognized the fact that economic prosperity in any country or group of countries depends both on individual countries' own efforts and on close international economic cooperation. We didn't waste time on unrealistic rhetoric or unattainable objectives. We dealt with pragmatic solutions to the problems of growth; efforts to improve food security and agricultural development.

There was agreement with our proposal that task forces should be sent to developing countries to assist them in finding new agricultural techniques and transmitting to farmers techniques now in existence. I have directed the Agency for International Development to coordinate these U.S. efforts and to report to us on the progress made.

We also discussed ways to increase trade and industrialization, and there was strong support for working together at the GATT ministerial. In addition, ways were discussed in which the developing nations can increase their energy production, and monetary and financial issues were reviewed.

I return home reminded again of the importance of American leadership in the world. At Cancun, we made a good beginning toward more constructive and mutually beneficial relations among developed and developing nations and toward a more prosperous world. We have an enormous opportunity now to advance mutually beneficial economic relations with our developing country partners.

I look forward to continuing our efforts in the constructive spirit that characterized the Cancun discussions. By sustaining that spirit, the American people, the people of the developing nations, and the entire world will be better.

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[1] Text from White House press release.

[2] The summary was issued solely on behalf of the two cochairmen and is not intended to represent the views of other participants. It is not a document of the U.S. Government. ■

Q. Did we have any kind of concrete information, though, to impart to the Egyptians—

A. I think that clearly the Egyptian Government did. I can't speak for them, but they took a number of actions in recent weeks which confirmed that, surely, they had some alarming information in that regard and perhaps more than that.

Q. As you know, Colonel Qadhafi was in Aden recently, and they signed an agreement. They also set up this so-called democratic front in North Yemen and reportedly are agitating about a half million Yemenis in Saudi Arabia. How seriously do you consider this Yemeni threat to the royal family in Saudi Arabia?

A. We don't look at it exclusively as a threat to the royal family; we look at it as a threat to the Government of Saudi Arabia and the people of Saudi Arabia. We have had recent experience which certainly gives us cause for concern, and that was the earlier effort—I think 2 years ago—to overthrow the government in Northern Yemen by the use of Southern Yemen forces and proxy forces shipped over from Ethiopia—Cubans and perhaps Ethiopians as well.

We saw a very heavy hand of Soviet activity in the original overthrow of the Southern Yemen regime before that time, and so we watch with great care, both bilaterally in our dealings with Northern Yemen and multilaterally in our dealings with Saudi Arabia, day-to-day or hour-by-hour events in Northern Yemen, and we view them with considerable concern.

Q. How important is it now for the April 1982 withdrawal of Israel from the Sinai to come off on time? And might it now be more important, in some ways, for this new Egyptian leadership to try to improve its relationship with its Arab neighbors, which might mean a delay in the Camp David peace process?

A. I think the answer to your question is that yesterday's tragedy makes a successful completion on schedule of the Camp David accords more, not less, important. That is not to say that we would not favor, or would be opposed to, a strengthening and broadening of Egyptian relationships with the other Arab states. We think this will be a consequence of the successful conclusion of Camp David.

Q. The only movement in the entire Middle East that is tied to Muslim fundamentalism—there has been trouble recently in Tunisia, Algeria, and we know that played a part in what happened to President Sadat yesterday—simply by stating that the United States is going to be firm against terrorism and line up with the regimes in the Middle East. How do you feel that will, in any way, deal with the fundamental question of what's going on in the Muslim world, and don't you think that it might be counterproductive?

A. There are always, in such complex situations, a host of contradictions. That's the unfortunate burden of those of us who have to conduct foreign affairs: They are replete with contradictions. The achievement of one more desirable goal frequently clashes immediately against a perhaps somewhat less desirable goal, and it's the assessment of foreign policy to try to determine which is the more important.

I think the overall trend of international terrorism, the danger it poses for all free nations, demands a more concerted, collective international effort with effective safeguards and meaningful sanctionary teeth to deal with it. That means that when an aircraft is hijacked or an assassination attempt occurs, the perpetrators be dealt with in a more effective way than heretofore.

Q. Could I try once more one question that was asked before? It seems one of the most dangerous aspects of what is taking place in that part of the world today is the possibility of a Libyan invasion of the Sudan. Once more, could you give us your estimate of what that danger is and what our reaction would be if it takes place?

A. Again, I don't make it a habit of laying out the contingencies which will always be decided by the President at the time, based on his assessment of all the factors associated with it. I also don't want to hype the suggestion that a Libyan invasion of Sudan is imminent. I would be more concerned about internal mischiefmaking by Libya in Sudan proper as the most imminent danger, and there has been some activity assessed already in that direction.

Q. Could I come back again to [the] question about the April target date for Israeli withdrawal from the Sinai and its linkage, if any—or to what extent—to the autonomy talks. It seems to me that there is a political relationship between these two. And I wonder if it is practical for the new Egyptian Government, in the context of all the burdens that are going to be on it, to move substantially on the autonomy talks in a timeframe in which the Israelis will find it acceptable to withdraw from the Sinai.

How do you see the linkage? Is there a linkage? Can the one occur without the other? More importantly, can the withdrawal from the Sinai occur without jiggling progress on the autonomy talks?

A. Of course, there is a linkage; it goes without question. I don't mean that it is a rigid linkage in which simultaneity is rigidly bound. That is our objective. I would hope that the successor government in Egypt would, for the very reasons I've already touched upon here this morning, join our assessment that it puts a greater urgency for simultaneous completion of autonomy talks by the time of the withdrawal scenario in April.

I think it would be very foolish and self-defeating to put preconditions with respect to the two, and we have avoided that always, and we would continue to. But I was very encouraged, and remain encouraged, that the Egyptian Vice President committed the successor government in his speech yesterday on Egyptian television to a continuation of the domestic and foreign policies of President Sadat and especially the route toward peace.

Q. Given the needs of the United States to reassure its allies in this region, can you tell us why neither the President nor the Vice President is going to attend President Sadat's funeral?

A. I don't presume to speak for the President on that. I think he's perfectly capable of doing so himself, but there are a host of reasons which shouldn't require unusual elaboration here. We certainly have an extremely and unusually high-level delegation going to go. I think recent events in this country and in Egypt make a contribution to the President's decision on this. I can't speak for him.

I think there's also the matter of having to do some business which will require a longer period at a time when our own plate here at home is very, very full with AWACS and other legislative matters, so I think that's enough said on the subject.

Now, I again remain just appalled that I was so lethargic and so overawed by your question that I forgot to point out to you that our U.N. Ambassador Jeane Kirkpatrick will be on the delegation to Egypt. [Laughter.]

Q. You said earlier on here that there was no direct involvement or any Libyan participation in this plot. Do the Egyptians share that view, and do you believe the analysis by some people in town yesterday who said that, if there is any Libyan involvement, they suspect that there could be some sort of Egyptian retaliation against Qadhafi?

A. It would be highly inappropriate for me to make prognostications about sovereign Egypt's scenarios for dealing with certain contingencies. I think everyone knows—and the Egyptians have reiterated in recent weeks very clearly that they have certain obligations in committal terms to the Government of Sudan and that they intend to meet those obligations.

Q. I'm not talking about Sudan. I'm talking about the possibility that Qadhafi is behind this in some way and that Egypt might be compelled to retaliate.

A. We have no evidence that he is, so it would be folly to the height for me to speculate about what they will do if he were.

Q. Do the Egyptians share that view that there is no evidence?

A. I think as of the latest reading I have that they are pretty close to our own assessment of the situation. It doesn't mean it won't change in the period ahead. As you know, some of the perpetrators have been incarcerated and are available for interrogation, which is underway.

Q. Looking ahead, given that Mr. Sadat is no longer with us, do you think this fact will make the Saudi relationship more important to the United States in the years ahead? Has this been given any thought?

A. Absolutely. A great deal of thought. There's no question about it. It's vitally important that the United States is able to deal effectively with the moderate Arab regimes in an atmosphere of confidence and mutual trust. It's vitally important for the peace process, for the stability of the region, and in the long-term interest of Israel.

Q. Has it made the Saudi relationship more important in your view?

A. Of course.

Q. To follow up on a question earlier, you said you thought that there was some alarming information gathered by Egyptian intelligence in recent weeks concerning Mr. Sadat's comings and goings. Can you elaborate on that?

A. Mr. Sadat's comings and goings?

Q. Yes. You said in the followup to a question over here on the side that you had—you thought the Egyptians had some alarming information about some internal affairs.

A. I think they had evidence of plotting by religious fanatic groups. Perhaps that was a contributor to the roundup that President Sadat instituted some weeks ago. Perhaps yesterday's events were further intensified as a result of that roundup, which itself was an effort by President Sadat, as I understand it, to minimize sectarian divisions within Egypt.

Q. Did President Sadat in his recent visit or Vice President Mubarak in his recent visit raise with you the prospect of Egyptian military action in Libya? And if they did what was your response?

A. The answer to your question is that I wouldn't tell you if they had. I think that would be a terrible breach of the kind of relationship we must have with our friends. But because I haven't answered, it should not heighten your sense of alarm about that subject.

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[1] Press release 339. ■

Visit of Israeli Prime Minister Begin

Israeli Prime Minister Menahem Begin made an official visit to the United States September 9–15, 1981. While in Washington, D.C. (Sept. 9–11), he met with President Reagan and other government officials. Following are remarks made at the welcoming ceremony on September 9 and remarks made on Prime Minister Begin's departure from the White House on September 10.[1]

WELCOMING CEREMONY, SEPT. 9, 1981[2]

President Reagan

On behalf of the American people, Nancy and I are honored and delighted to welcome you and all those accompanying you.

We're proud to stand beside you this morning, joining a tradition of hospitality for Israel observed by our Presidents for more than three decades. Your visit is testimony to the warm friendships, mutual respect, and shared values that bind our people. Today and tomorrow, we'll have an opportunity to meet, to come to know each other, and to discuss in detail the vital issues of peace and security that concern both our countries.

I welcome this chance to further strengthen the unbreakable ties between the United States and Israel and to assure you of our commitment to Israel's security and well-being.

Israel and America may be thousands of miles apart, but we are philosophical neighbors sharing a strong commitment to democracy and the rule of law. What we hold in common are the bonds of trust and friendship—qualities that in our eyes make Israel a great nation. No people have fought longer, struggled harder, or sacrificed more than yours in order to survive, to grow, and to live in freedom.

The United States and Israel share similar beginnings as nations of immigrants, yearning to live in freedom and to fulfill the dreams of our forefathers. We have both sought to establish societies of law, to live in peace, and to develop the full potential of our lands. We share a devotion to democratic institutions, responsible to the wills of our citizens. Our peoples embrace common ideals of self-improvement through hard work and individual initiative. Together, we seek peace for all people. In partnership, we're determined to defend liberty and safeguard the security of our citizens. We know Israelis live in constant peril. But Israel will have our help. It will remain strong and secure, and its special character of spirit, genius, and faith will prevail.

The prophet Ezekiel spoke of a new age—when land that was desolate has become like the Garden of Eden and waste and ruined cities are now inhabited. We saw how miraculously you transformed and made the desert bloom.

agreements were provided to both these countries, which incorporated all of the provisions required by the Atomic Energy Act, as amended, together with special provisions which were considered appropriate in view of the situation in the Middle East. At that time, Israel indicated that it did not wish to pursue an agreement. Our discussions with Egypt continued and resulted in the agreement which is now under consideration. A very significant event occurred over the course of these discussions—Egypt ratified the Nonproliferation Treaty (NPT).

In December 1980, Egypt announced that it intended to undertake a prompt, major effort to establish a significant program to meet its future energy needs. This was to be accomplished, in part, by acquiring several nuclear power reactors for the generation of electricity. At the same time, Egypt announced its intention to ratify the NPT, which it had signed in 1968, and to conclude a safeguards agreement with the International Atomic Energy Agency (IAEA) covering all of its peaceful nuclear activities, as required by the treaty.

In February 1981, Egypt joined what now numbers 112 non-nuclear-weapon states which have renounced the manufacture or acquisition of nuclear explosives and agreed to accept IAEA safeguards on all their peaceful nuclear activities. The United States warmly welcomed this step, and I cannot overstate the importance we attach to it. This far-sighted step of extraordinary statesmanship reflects the wisdom and commitment of President Sadat and his government to the cause of lasting peace and regional stability in the Middle East. NPT adherence by a state of Egypt's significance is a major advance in the development of the international nonproliferation regime of which the NPT is the linchpin.

In taking this step, Egypt also announced that it intended to commit up to $500 million annually from its oil revenues for the development of alternative sources of energy, including nuclear power. Egypt also expressed its hope that, as envisioned by Article IV of the NPT, its adherence would facilitate support of this development by the United States and other advanced nuclear power states. A joint Egyptian-U.S. assessment of Egypt's long-term energy situation concluded in 1979 that nuclear power was a feasible option to help to meet Egypt's future energy requirements. Egypt's intention to pursue this option now, while it continues to possess petroleum for its near-term needs, is, in our view, prudent and well-considered. We consider Egypt's expectation that its adherence to the NPT would facilitate nuclear cooperation to be fully justified and in conformity with similar expectations of the other NPT parties.

We have long expressed our strong preference that our existing cooperating partners in nuclear energy be parties to the NPT and that new partners facilitate conclusion of the necessary agreement with us by adhering to the treaty. Our willingness to cooperate with Egypt's desire to conclude this agreement promptly in order to advance its peaceful nuclear development is one reflection of our recognition of Egypt's decision to ratify the NPT. This is an attitude which we share with other nuclear supplier states with which Egypt is also concluding agreements and discussing its plans for development of nuclear power.

Specific Provisions

I would like to turn to a brief examination of the specific provisions of the agreement we have signed with Egypt, whose text and supporting documents reflecting its review by the U.S. Government have been transmitted to the Congress by the President.

In large measure, this agreement is substantially identical to the numerous new and renegotiated agreements for peaceful nuclear cooperation which we have concluded with other countries and the IAEA in the past few years and which have previously been before the Congress for review. These have included agreements with Canada, Australia, Morocco, Indonesia, Peru, Bangladesh, and Colombia. Like those recent agreements, it contains all of the provisions required to be included by the Atomic Energy Act, as amended. Provisions of the agreement require safeguards and adequate physical protection on items supplied by the United States and nuclear material produced through their use and U.S. consent to arrangements for the storage, retransfer, enrichment, reprocessing, or alteration in form or content of material or equipment subject to the agreement. A peaceful-use assurance and full-scope safeguards commitment are also included. The Congress has established these numerous requirements specifically with a view to such agreements advancing U.S. nonproliferation interests.

This agreement reflects other features not common to all of our other agreements but shared with some of them. These features further our nonproliferation interests while serving the common interests of both countries concluding this agreement. For example, the only fuel authorized for transfer is low-enriched uranium—the type used in power reactors. Other forms of special nuclear material may be exported only in small quantities for purposes such as laboratory use or in certain insignificant forms. Egypt's principal interest in concluding this agreement is to aid the development of an electrical power generating program. It had no fuel requirement for other forms of special nuclear material and so, like some other countries with which we have concluded such agreements, sought no provision in this agreement to permit transfer of such material. We consider that this feature is both appropriate to Egypt's requirements and supportive of our nonproliferation interests in the region.

Moreover the agreement includes certain special features which have not been characteristic of our agreements with states in other areas of the world but which we and Egypt agreed were desirable because of the sensitive situation in the Middle East. These features relate to disposition of spent fuel originally supplied by the United States or irradiated in U.S.-supplied reactors. Egypt has no present interest in indigenously reprocessing such fuel. The agreement recognizes this by providing that it shall not be reprocessed in Egypt.

The agreement also provides that in the event of extraordinary circumstances of concern from a nonproliferation standpoint, either party may require that any such spent fuel be removed from Egypt to a mutually agreed third country or, if the United States is prepared to receive it, to the United States. The agreement does not oblige us to accept this fuel. Before the United States was to accept such spent power reactor fuel, appropriate agreements would have to be concluded in accordance with Section 131 of the Atomic Energy Act and the 1978 Department of Energy authorization act for civilian applications. If, in the future, arrangements are made under which the United States could accept such fuel, this agreement would not conflict with such arrangements. Even if this is not the case, however, the agreement's provisions would serve the essential nonproliferation interests of both countries by providing for removal of spent fuel from this sensitive region if circumstances necessitating this should ever arise.

We believe that, taken as a whole, the provisions of this agreement provide a rational, well-considered framework for cooperation in nuclear energy with Egypt. It will facilitate the activities which Egypt desires to undertake to deal with its long-term energy needs for the benefit of its people but does not extend to activities which could become sensitive from a nonproliferation standpoint. It adequately balances the intertwined interests, recognized in the NPT, of the advancement of peaceful applications of nuclear energy while preventing the proliferation of nuclear explosives. We, thus, consider that the agreement we have signed with Egypt will be a model should we consider establishing such a cooperative relationship in nuclear energy with other states in the Middle East. We are aware that other suppliers are also actively interested in this region's market for nuclear power, and we intend to continue in our ongoing consultations with such other suppliers, apprising them of the modalities of our relationship with Egypt and urging that they consider a similar pattern for any relationships they may decide to establish in this region. We believe that careful collaboration between suppliers and customers, such as is reflected in our agreement with Egypt, will serve the nonproliferation interests of all states, within and outside the region, which have an interest in this area.

The agreement does not inherently establish any ceilings on the number of reactors or amount of fuel which may be supplied under it, but the agreed minute does specify that the agreement would, in the first instance, provide for supply by the United States to Egypt of power reactors and fuel of about 2,000 megawatts electric generating capacity. Egypt has indicated that this is the scale of cooperation which it desires initially to discuss with the Department of Energy as supplier of enriched uranium and with U.S. vendors of power reactors.

Egypt has made it clear to us that it will be discussing procurement of reactors with other vendors as well Egypt has signed an agreement for cooperation with France and is discussing reactor purchases with vendors in other countries. Egypt and the Federal Republic of Germany have announced that they will shortly sign an agreement for peaceful nuclear cooperation. Actual orders for reactors or fuel under any of these agreements will be subject to later Egyptian decisions, into which a number of factors will enter, such as prices and financing arrangements.

The U.S. agreement includes no commitments or understandings regarding any financial arrangements for possible future Egyptian purchases of U.S. nuclear material or equipment. This agreement will simply establish the framework of governmental arrangements, conditions, and provisions within which such detailed arrangements may later be made, if both parties and interested private sector representatives can agree.

As in the case of our other agreements for cooperation, this agreement also contains numerous other provisions, which are described in detail in the materials transmitted to the Congress by the President. I would like to call attention at this time to only one further specific provision.

The agreed minute notes Egypt's longstanding effort to promote the establishment of a Middle Eastern nuclear-weapons-free zone, including its introduction of resolutions to advance this idea at the U.N. General Assembly for many years. Recent events have demonstrated that this idea is gaining growing credibility and acceptance among other interested states within and outside of this region. Israel, in particular, changed its longstanding posture of abstention on this issue to one of support for consensus adoption of a U.N. resolution favoring it just over a year ago. The agreed minute reflects our recognition of the contribution which Egypt's promotion of this idea has made to the development of a stable and secure future for the region and reflects also our own consistent policy of favoring the establishment of such a zone when the conditions necessary for its success can be realized. As you know, the Administration has reaffirmed U.S. interest in this concept and is exploring ways by which we might be able to further it. The agreement is a further endorsement of the contribution such a zone might make to regional security and international nonproliferation objectives. The agreement's recognition of Egypt's significant contribution in this regard is just and proper.

In summary the Administration considers this proposed agreement for peaceful nuclear cooperation between the United States and Egypt strongly supportive of U.S. foreign policy, security, commerical, and nonproliferation interests in the Middle East and internationally. It is a part of the close, friendly, and cooperative relationship we have developed between our two countries. We urge your subcommittees and the full committee to favorably report this agreement to the House of Representatives.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

TREATIES

Current Actions

MULTILATERAL

Automotive Traffic
Convention concerning customs facilities for touring. Done at New York June 4, 1954. Entered into force Sept. 11, 1957. TIAS 3879.
Notification of succession deposited: Solomon Islands, Sept. 3, 1981.

Aviation
Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.
Notification of adherence: Grenada, Aug. 31, 1981.

Protocol on the authentic trilingual text of the convention on international civil aviation (Chicago, 1944, TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.
Notification of adherence: Grenada, Aug. 31, 1981.

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.
Accessions deposited: Qatar, Aug. 26, 1981; United Arab Emirates, Apr. 14, 1981.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.
Accessions deposited: Qatar, Aug. 26, 1981; United Arab Emirates, Apr. 14, 1981.

Coffee
International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force provisionally Oct. 1, 1976; definitively Aug. 1, 1977. TIAS 8683.
Accession deposited: Singapore, Aug. 28, 1981.

Commodities—Common Fund
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Approval deposited: China, Sept. 2, 1981.
Ratification deposited: Sri Lanka, Sept. 4, 1981.
Signatures: Lesotho, Nepal, Nicaragua, Tanzania, Turkey, Yemen, Sept. 7, 1981; Upper Volta, Aug. 20, 1981.

Conservation
Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Ratifications deposited: Colombia, Aug. 31, 1981; Philippines, Aug. 18, 1981.
Reservation withdrawn: Australia, Aug. 25, 1981.

Amendment to the convention of Mar. 3, 1973 on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Bonn June 22, 1979.[1]
Acceptances deposited: Pakistan, July 2, 1981; Suriname, Aug. 17, 1981; Zimbabwe, July 14, 1981.

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Ratification deposited: U.K., Aug. 31, 1981.

Continental Shelf
Convention on the continental shelf. Done at Geneva Apr. 29, 1958. Entered into force June 10, 1964. TIAS 5578.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Customs
Customs convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978.
Accession deposited: Cyprus, Aug. 7, 1981.
Instrument of ratification signed by the President: Sept. 4, 1981.
Ratification deposited: U.S., Sept. 18, 1981.
Enters into force for the U.S.: Mar. 18, 1982.

Customs convention on containers, with annexes and protocol of signature. Done at Geneva May 18, 1956. Entered into force Aug. 4, 1959; for the U.S. Mar. 3, 1969. TIAS 6634.
Notification of succession deposited: Solomon Islands, Sept. 3, 1981.

Finance
Articles of agreement of the International Bank for Reconstruction and Development formulated at the Bretton Woods Conference July 1-22, 1944. Entered into force Dec. 27, 1945. TIAS 1502.
Signatures and acceptances deposited: Bhutan, Sept. 28, 1981; Vanuatu, Sept. 28, 1981.

Articles of agreement of the International Monetary Fund, formulated at the Bretton Woods Conference July 1-22, 1944. Entered into force Dec. 27, 1945 (TIAS 1501).
Signatures and acceptances deposited: Bhutan, Sept. 28, 1981; Vanuatu, Sept. 28, 1981.

Fisheries
Convention on fishing and conservation of living resources of the high seas. Done at Geneva Apr. 29, 1958. Entered into force Mar. 20, 1966. TIAS 5969.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Health
Constitution of the World Health Organization. Done at New York July 22, 1946. Entered into force Apr. 7, 1948; for the U.S. June 21, 1948. TIAS 1808.
Acceptance deposited: Dominica, Aug. 13, 1981.

High Seas
Convention on the high seas. Done at Geneva Apr. 29, 1958. Entered into force Sept. 30, 1962. TIAS 5200.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Judicial Procedure
Convention abolishing the requirement of legalisation for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965; for the U.S. Oct. 15, 1981.
Proclaimed by the President: Sept. 21, 1981.

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975. Enters into force May 22, 1982, except for article 51 which enters into force July 28, 1982.
Acceptance deposited: Greece, July 28, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Instrument of acceptance signed by the President: Sept. 4, 1981.

Nuclear Material—Physical Protection
Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.[1]
Instrument of ratification signed by the President: Sept. 4, 1981.

Peacekeeping
Agreement concerning U.S. participation in the multinational force and observers established by Egypt and Israel. Effected by exchanges of letters at Washington Aug. 3, 1981. Entered into force Aug. 3, 1981.

Property, Industrial-Classification
Agreement concerning the international classification of goods and services to which trade marks apply. Signed at Nice June 15, 1957. Entered into force Apr. 8, 1961; for the U.S. May 25, 1972. TIAS 7418.
Notification of withdrawal: Poland, July 20, 1981; effective July 20, 1982.

Racial Discrimination
International convention on the elimination of all forms of racial discrimination. Adopted at New York Dec. 21, 1965. Entered into force Jan. 4, 1969.[2]
Ratification deposited: Colombia, Sept. 2, 1981.

Refugees
Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Chad, Aug. 19, 1981.

Slavery
Supplementary convention on the abolition of slavery, the slave trade, and institutions and practices similar to slavery. Done at Geneva Sept. 7, 1956. Entered into force Apr. 30, 1957; for the U.S. Dec. 6, 1967. TIAS 6418.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Sugar
International sugar agreement, 1977, with annexes. Done at Geneva Oct. 7, 1977. Entered into force provisionally Jan. 1, 1978; definitively Jan. 2, 1980. TIAS 9664.
Accession deposited: Colombia, Sept. 2, 1981.

Telecommunications
Radio regulations, with appendices and final protocol. Done at Geneva, Dec. 6, 1979. Enters into force Jan. 1, 1982, except for articles 25 and 66 and appendix 43, which entered into force Jan. 1, 1981, and the frequency allotment plan for the aeronautical mobile (R) service and the directly related provisions contained in appendix 27 Aer2, which shall enter into force at 0001 hours UTC on Feb. 1, 1983.
Signatures: Afghanistan,[3] Algeria,[3] Angola,[3] Argentina,[3] Australia,[3] Austria,[3] Bahrain,[3] Bangladesh, Belgium,[3] Benin,[3] Botswana, Brazil,[3] Bulgaria, Burundi, Byelorussian Soviet Socialist Republic,[3] Cameroon,[3] Canada,[3] Cape Verde, Central African Republic,[3] Chad,[3] Chile,[3] China,[3] Colombia,[3] Congo,[3] Costa Rica,[3] Cuba,[3] Cyprus,[3] Czechoslovakia, Denmark,[3] Ecuador,[3] Egypt, El Salvador, Ethiopia, Fiji, Finland,[3] France,[3] Gabon,[3] German Democratic Republic, Germany, Federal Republic of,[3] Ghana,[3] Greece,[3] Guatemala,[3] Guinea,[3] Guyana, Haiti, Honduras,[3] Hungary, Iceland,[3] India,[3] Indonesia, Iran,[3] Iraq,[3] Ireland,[3] Israel,[3] Italy,[3] Ivory Coast,[3] Jamaica, Japan,[3] Jordan,[3] Kenya,[3] Korea, Democratic People's Republic, Korea, Republic of,[3] Kuwait,[3] Lebanon,[3] Lesotho, Liberia,[3] Libya,[3] Liechtenstein,[3] Luxembourg,[3] Madagascar, Malawi, Malaysia, Mali,[3] Malta, Mauritania, Mauritius,[3] Mexico,[3] Monaco, Mongolia, Morocco,[3] Mozambique,[3] Nepal, Netherlands,[3] New Zealand,[3] Nicaragua, Niger,[3] Nigeria,[3] Norway,[3] Oman,[3] Pakistan,[3] Panama, Papua New Guinea,[3] Paraguay, Peru, Philippines,[3] Poland, Portugal,[3] Qatar,[3] Romania,[3] Rwanda, San Marino, Saudi Arabia,[3], Senegal, Singapore,[3] Somalia,[3] Spain,[3] Sri Lanka,[3] Sudan,[3] Swaziland, Sweden,[3] Switzerland,[3] Syria,[3] Tanzania,[3] Thailand,[3] Togo, Trinidad and Tobago, Tunisia, Turkey,[3] Uganda, Ukrainian Soviet Socialist Republic,[3] Union of Soviet Socialist Republics,[3] United Arab Emirates,[3] United Kingdom,[3] Upper Volta,[3] Uruguay,[3] Vatican City State,[3] Venezuela,[3] Yemen, People's Democratic Republic,[3] Yugoslavia,[3] Zaire,[3] Zambia,[3] Dec. 6, 1979.
Approvals deposited: Byelorussian Soviet Socialist Republic,[4] June 17, 1981; Japan, Dec. 22, 1980; Ukrainian Soviet Socialist Republic,[4] May 12, 1981; Union of Soviet Socialist Republics,[4] Apr. 14, 1981.

Territorial Sea
Convention on the territorial sea and the contiguous zone. Done at Geneva Apr. 29, 1958. Entered into force Sept. 10, 1964. TIAS 5639.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Terrorism
International convention against the taking of hostages. Adopted at New York Dec. 17, 1979.[1]
Accession deposited: Bhutan, Aug. 31, 1981.
Ratification deposited: Norway, July 2, 1981.
Instrument of ratification signed by the President: Sept. 4, 1981.

Trade
Arrangement regarding international trade in textiles. Done at Geneva Dec. 20, 1973. TIAS 7840.
Acceptance: Czechoslovakia, July 1, 1980.

Protocol extending the arrangement regarding international trade in textiles of Dec. 20, 1973 (TIAS 7840). Done at Geneva Dec. 14, 1977. TIAS 8939.
Acceptance: Czechoslovakia, July 1, 1980.
Ratification deposited: Egypt, Sept. 1, 1980.

U.N. Charter
Charter of the United Nations and Statute of the International Court of Justice. Signed at San Francisco June 26, 1945. Entered into force Oct. 24, 1945. TS 993.
Admitted to membership: Vanuatu, Sept. 15, 1981.

UNESCO
Agreement on the importation of educational and cultural materials, and protocol. Done at Lake Success Nov. 22, 1950. Entered into force May 21, 1952; for the U.S. Nov. 2, 1966.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Protocol to the agreement on the importation of educational, scientific, and cultural materials of Nov. 22, 1950. Adopted at Nairobi Nov. 26, 1976.[1]
Signature: U.S., Sept. 1, 1981.

UNIDO
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Ratifications deposited: Cameroon, Aug. 18, 1981; Swaziland, Aug. 19, 1981.

Whaling
International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of adherences deposited: Costa Rica, July 24, 1981; Egypt, Sept. 18, 1981.

Wheat
1981 protocol for the sixth extension of the wheat trade convention 1971. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Ratification deposited: Egypt, July 27, 1981; Iraq, Sept. 8, 1981.

Women
Convention on the political rights of women. Done at New York Mar. 31, 1953. Entered into force July 7, 1954; for the U.S. July 7, 1976. TIAS 8289.
Accession deposited: Egypt, Sept. 8, 1981.
Notification of succession: Solomon Islands, Sept. 3, 1981.

Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.[2]
Entered into force: Sept. 3, 1981.
Ratifications deposited: Laos, Aug. 14, 1981; El Salvador, Aug. 19, 1981; Bhutan, Aug. 31, 1981.

World Health Organization
Amendments to articles 24 and 25 of the constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the 29th World Health assembly.[1]
Acceptance deposited: Mauritius, Sept. 3, 1981.

BILATERAL

Belize
Agreement relating to the establishment, operation, and maintenance of an upper air (rawinsonde) observation station at Belize International Airport, with memorandum of arrangement. Effected by exchange of letters at Belize and Belmopan Aug. 26, 1981. Entered into force Aug. 26, 1981.

Canada
Treaty on Pacific Coast albacore tuna vessels and port privileges, with annexes. Signed at Washington May 26, 1981. Entered into force July 29, 1981.
Proclaimed by the President: Sept. 4, 1981.

Agreement amending and extending the agreement of Oct. 19 and Nov. 10, 1970, as extended, concerning a cooperative project to design, develop, and test an aircraft "augmentor wing system" (TIAS 6982, 8109, 9031). Effected by exchange of notes at Ottawa Aug. 14 and 19, 1981. Entered into force Aug. 19, 1981; effective July 1, 1981.

Arrangement prohibiting the importation of raccoon dogs. Effected by exchange of letters at Ottawa and Washington Sept. 1 and 4, 1981. Entered into force Sept. 4, 1981.

The Cancun Summit

President Reagan departed Washington, D.C., October 21, 1981, to join leaders of 21 other nations and the U.N. Secretary General attending the International Meeting on Cooperation and Development in Cancun, Mexico, October 22–23.

Following are the President's statement made in that meeting on October 22, a summary of the sessions issued by the cochairmen (Mexican President Jose Lopez Portillo and Canadian Prime Minister Pierre-Elliott Trudeau) on October 23, and President Reagan's remarks when he returned to the United States on October 24.

PRESIDENT'S STATEMENT, CANCUN, OCT. 22, 1981[1]

I am honored to be with all of you on this historic occasion. In many ways, this summit is not ours alone. It belongs to the millions who look to us for help and for hope. If they could speak to us today, I believe they might tell us that words are cheap, that cooperative action is needed—and needed now. In their name, let us join together and move forward. Let us meet the challenge of charting a strategic course for global economic growth and development for all nations.

Each of us comes to Cancun from a different domestic setting where our major responsibilities are found. My own government has devoted much of the past year to developing a plan of action to strengthen our economy. For years our government has overspent, overtaxed, and overregulated, causing our growth rates to decline and our inflation and interest rates to rise. We have taken bold measures to correct these problems, and we are confident they will succeed—not tomorrow nor next week but over the months and years ahead.

We believe restoring sound economic policies at home represents one of the most important contributions the United States can make to greater growth and development abroad. The actions we are taking will renew confidence in the dollar, strengthen our demand for imports, hold down inflation, reduce interest rates and the cost of borrowing, and increase resources for foreign investment.

I have also had a chance to study and discuss with various leaders the domestic problems you face. I know how diverse and serious they are. For the poorest countries, more food and energy are urgently needed, while raising productivity through education, better health and nutrition, and the acquisition of basic facilities such as roads and ports represent longer term goals.

Middle-income countries need foreign capital, technical assistance, and the development of basic skills to improve their economic climate and credit worthinesss in international capital markets. The more advanced developing nations which already benefit from the international economy need increasing access to markets to sustain their development.

And across the income spectrum, many among you who are oil importers face acute financial difficulties from the large debt burdens resultig from the oil price shocks of the 1970s. High interest rates are exacerbating these problems.

President Reagan is greeted by Mexican President Lopez Portillo.

(White House photo by [illegible])

Listening to opening remark during the inaugural session of the International Meeting on Cooperation andDevelopment. From left are Secretary Haig, the President, and members of the Chinese delegation.

(White House photo by [illegible])

U.S. Program for Peace and Arms Control

Following is a speech by President Reagan before the National Press Club in Washington, D.C. on November 18, 1981.[1]

Back in April while in the hospital I had, as you can readily understand, a lot of time for reflection. And one day I decided to send a personal, handwritten letter to Soviet President Leonid Brezhnev reminding him that we had met about 10 years ago in San Clemente, California, as he and President Nixon were concluding a series of meetings that had brought hope to all the world. Never had peace and goodwill seemed closer at hand. I'd like to read you a few paragraphs from that letter.

> Mr. President: When we met I asked if you were aware that the hopes and aspirations of millions of people throughout the world were dependent on the decisions that would be reached in those meetings. You took my hand in both of yours and assured me that you were aware of that and that you were dedicated with all your heart, and soul, and mind to fulfilling those hopes and dreams.

I went on in my letter to say:

> The people of the world still share that hope. Indeed, the peoples of the world, despite differences in racial and ethnic origin, have very much in common. They want the dignity of having some control over their individual lives—their destiny. They want to work at the craft or trade of their own choosing and to be fairly rewarded. They want to raise their families in peace without harming anyone or suffering harm themselves. Government exists for their convenience, not the other way around.
>
> If they are incapable, as some would have us believe, of self-government, then where among them do we find any who are capable of governing others? Is it possible that we have permitted ideology, political and economic philosophies, and governmental policies to keep us from considering the very real, everyday problems of our peoples? Will the average Soviet family be better off or even aware that the Soviet Union has imposed a government of its own choice on the people of Afghanistan? Is life better for the people of Cuba because the Cuban military dictate who shall govern the people of Angola?
>
> It is often implied that such things have been made necessary because of territorial ambitions of the United States; that we have imperialistic designs and thus constitute a threat to your own security and that of the newly emerging nations. There not only is no evidence to support such a charge, there is solid evidence that the United States, when it could have dominated the world with no risk to itself, made no effort whatsoever to do so.
>
> When World War II ended, the United States had the only undamaged industrial power in the world. Our military might was at its peak—and we alone had the ultimate weapon, the nuclear weapon, with the unquestioned ability to deliver it anywhere in the world. If we had sought world domination then, who could have opposed us?
>
> But the United States followed a different course—one unique in all the history of mankind. We used our power and wealth to rebuild the war-ravaged economies of the world, including those nations who had been our enemies. May I say there is absolutely no substance to charges that the United States is guilty of imperialism or attempts to impose its will on other countries by use of force.

I concluded my letter by saying:

> Mr. President, should we not be concerned with eliminating the obstacles which prevent our people—those you and I represent—from achieving their most cherished goals?

It's in the same spirit that I want to speak today to this audience, and the people of the world, about America's program for peace and the coming negotiations which begin November 30th in Geneva, Switzerland. Specifically, I want to present our program for preserving peace in Europe and our wider program for arms control.

Preserving Peace

Twice in my lifetime I have seen the peoples of Europe plunged into the tragedy of war. Twice in my lifetime Europe has suffered destruction and military occupation in wars that statesmen proved powerless to prevent, soldiers unable to contain, and ordinary citizens unable to escape. And twice in my lifetime, young Americans have bled their lives into the soil of those battlefields—not to enrich or enlarge our domain but to restore the peace and independence of our friends and allies.

All of us who lived through those troubled times share a common resolve that they must never come again. And most of us share a common appreciation of the Atlantic alliance that has made a peaceful, free, and prosperous Western Europe in the postwar era possible.

But today a new generation is emerging on both sides of the Atlantic. Its members were not present at the creation of the North Atlantic alliance. Many of them do not fully understand its roots in defending freedom and rebuilding a war-torn continent. Some young people question why we need weapons—particularly nuclear weapons—to deter war and to assure peaceful development. They fear that the accumulation of weapons itself may lead to conflagration. Some even propose unilateral disarmament.

I understand their concerns. Their questions deserve to be answered. But we have an obligation to answer their questions on the basis of judgment and reason and experience. Our policies have resulted in the longest European peace in this century. Would not a rash departure from these policies, as some now suggest, endanger that peace? From its founding, the Atlantic alliance has preserved the peace through unity, deterrence, and dialogue.

First, we and our allies have stood united by the firm commitment that an attack upon any one of us would be considered an attack upon us all;

Second, we and our allies have deterred aggression by maintaining forces strong enough to insure that any aggressor would lose more from an attack than he could possibly gain; and

Third, we and our allies have engaged the Soviets in a dialogue about mutual restraint and arms limitations, hoping to reduce the risk of war and the burden of armaments and to lower the barriers that divide East from West.

These three elements of our policy have preserved the peace in Europe for more than a third of a century. They can preserve it for generations to come, so long as we pursue them with sufficient will and vigor.

Today, I wish to reaffirm America's commitment to the Atlantic alliance and our resolve to sustain the peace. And from my conversations with allied leaders, I know that they also remain true to this tried and proven course. NATO's policy of peace is based on restraint and balance. No NATO weapons, conventional or nuclear, will ever be used in Europe except in response to attack. NATO's defense plans have been responsible and restrained. The allies remain strong, united, and resolute. But the momentum of the continuing Soviet military buildup threatens both the conventional and the nuclear balance. Consider the facts over the past decade:

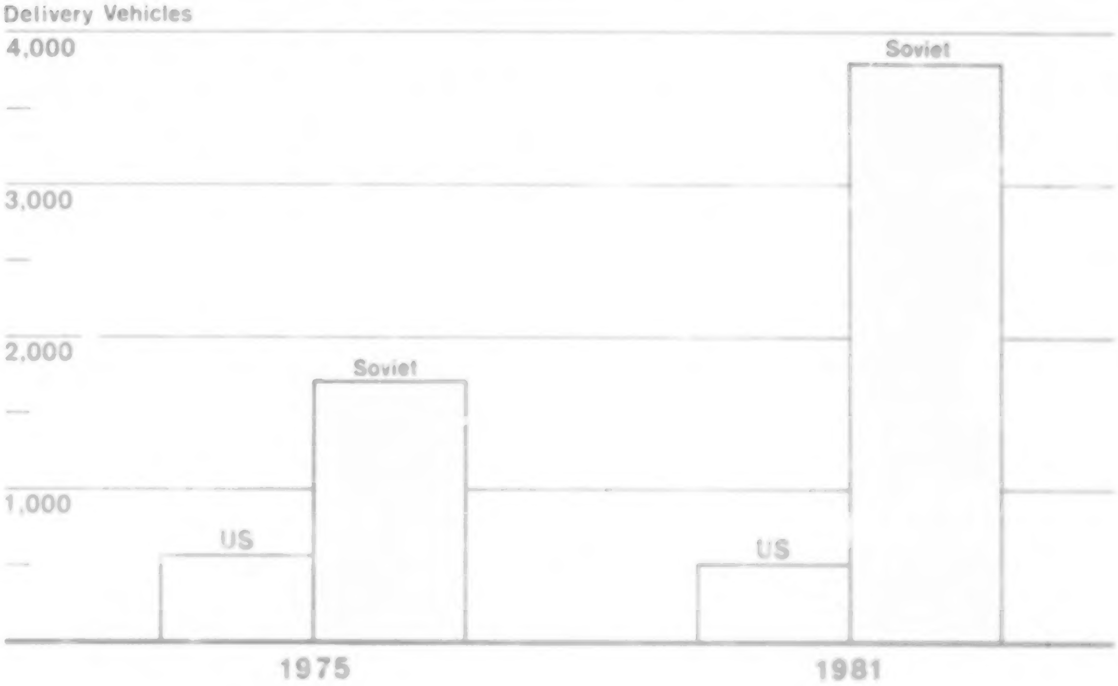
- The United States reduced the size of its armed forces and decreased its military spending. The Soviets steadily increased the number of men under arms. They now number more than double those of the United States. Over the same period the Soviets expanded their real military spending by about one-third.
- The Soviet Union increased its inventory of tanks to some 50,000 compared to our 11,000. Historically a landpower, they transformed their navy from a coastal defense force to an open ocean fleet, while the United States, a seapower with transoceanic alliances, cut its fleet in half.
- During a period when NATO deployed no new intermediate-range nuclear missiles and actually withdrew 1,000 nuclear warheads, the Soviet Union deployed more than 750 nuclear warheads on the new SS-20 missiles alone.

Our response to this relentless buildup of Soviet military power has been restrained but firm. We have made decisions to strengthen all three legs of the strategic triad—sea-, land-, and air-based. We have proposed a defense program in the United States for the next 5 years which will remedy the neglect of the past decade and restore the eroding balance on which our security depends.

I would like to discuss more specifically the growing threat to Western Europe which is posed by the continuing deployment of certain Soviet intermediate-range nuclear missiles. The Soviet Union has three different types of such missile systems—the SS-20, the SS-4, and the SS-5—all with a range capable of reaching virtually all of Western Europe. There are other Soviet weapons systems which also represent a major threat. The only answer to these systems is a comparable threat to Soviet targets. In other words, a deterrent preventing the use of these Soviet weapons by the counterthreat of a like response against their own territory.

At present, however, there is no equivalent deterrent to these Soviet intermediate missiles. And the Soviets continue to add one new SS-20 a week. To counter this, the allies agreed in 1979, as part of a two-track decision, to deploy as a deterrent land-based cruise missiles and Pershing II missiles capable of reaching targets in the Soviet Union. These missiles are to be deployed in several countries of Western Europe.

Balance of Comparable US and Soviet Intermediate Range Nuclear Forces



This relatively limited force in no way serves as a substitute for the much larger strategic umbrella spread over our NATO allies. Rather, it provides a vital link between conventional, shorter range nuclear forces in Europe and intercontinental forces in the United States. Deployment of these systems will demonstrate to the Soviet Union that this link cannot be broken.

Deterring war depends on the perceived ability of our forces to perform effectively. The more effective our forces are, the less likely it is that we'll have to use them. So, we and our allies are proceeding to modernize NATO's nuclear forces of intermediate range to meet increased Soviet deployments of nuclear systems threatening Western Europe.

Arms Control Negotiations

Let me turn now to our hopes for arms control negotiations. There is a tendency to make this entire subject overly complex. I want to be clear and concise. I told you of the letter I wrote to President Brezhnev last April. Well, I've just sent another message to the Soviet leadership. It's a simple, straightforward, yet historic message. The United States proposes the mutual reduction of conventional, intermediate-range nuclear and strategic forces. Specifically, I have proposed a four-point agenda to achieve this objective in my letter to President Brezhnev.

The first, and most important, point concerns the Geneva negotiations. As part of the 1979 two-track decision, NATO made a commitment to seek arms control negotiations with the Soviet Union on intermediate-range nuclear forces. The United States has been preparing for these negotiations through close consultation with our NATO partners. We are now ready to set forth our proposal. I have informed President Brezhnev that when our delegation travels to the negotiations on intermediate-range land-based nuclear missiles in Geneva on the 30th of this month, my representatives will present the following proposal: The United States is prepared to cancel its deployment of Pershing II and ground-launch cruise missiles if the Soviets will dismantle their SS-20, SS-4, and SS-5 missiles. This would be an historic step. With Soviet agreement, we could together substantially reduce the dread threat of nuclear war which hangs over the people of Europe. This, like the first footstep on the moon, would be a giant step for mankind.

We intend to negotiate in good faith and go to Geneva willing to listen to and consider the proposals of our Soviet counterparts. But let me call to your attention the background against which our proposal is made. During the past 6 years, while the United States deployed

"One cannot help but note the contrasts. . . the French are immaculate in crisp, white uniforms, fleur-de-lis-emblazoned standards. . . the Americans wear clothing reduced to tattered rags. . . yet there is nothing shabby in their bearing. . . the humiliated redcoats and their German mercenaries, in brand new uniforms. . . slowly move down the road between their conquerors, their regimental colors cased."

Jan K. Herman
State *Magazine*
October 1981

But those Americans were not professional soldiers at all. They had fought for freedom from Quebec to Saratoga, from Camden and Cowpens to Germantown, Valley Forge, and Monmouth—towns and countrysides once so anonymous that King George complained he could neither pronounce them nor find them on the map.

By Yorktown, they were veterans, but they were still not soldiers. They were farmers, backwoodsmen, tradesmen, clerks, and laborers—common men from all walks of life, anxious to return to their families and the building of a nation. On that day in 1781 a philosophy found a people, and the world would never be the same.

We who traveled here today—and I'm told we number more than 60,000—did not come just to admire the strategies, battlements, and trenches of a siege. We did not come to idealize human suffering.

The wounds of this battle have long since healed. Our nations have matured, and bonds of friendship now exist between one-time enemies. The same has been true of other wars since, which makes you wonder if after all the hatred, all the pain, and all the sacrifice, we find ourselves able to be friends and allies, why couldn't we find ourselves able to be friends without first going to war?

We have come to this field to celebrate the triumph of an idea—that freedom will eventually triumph over tyranny. It is and always will be a warning to those who would usurp the rights of others: Time will find them beaten. The beacon of freedom shines here for all who will see, inspiring free men and captives alike, and no wall, no curtain, nor totalitarian state can shut it out.

The commemoration of this battle marks the end of the revolution and the beginning of a new world era. The promise made on July 4th was kept on October 19th. The dream described in that Pennsylvania hall was fulfilled on this Virginia field. Through courage, the support of our allies, and by the gracious hand of God, a revolution was won, a people were set free, and the world witnessed the most exciting adventure in the history of nations: the beginning of the United States of America.

But we didn't win this battle or this war by ourselves. From your country, Mr. President [President Mitterrand], came men and ships and goods. Generals Rochambeau and Lafayette and Admirals de Grasse and de Barras were among those without whose help this battle and this war could never have been won. France was first to our side, first to recognize our independence, and steadfast in friendship ever since. We are bonded in spirit and, in fact, by freedom. "Entre vous, entre nous, a la vie, a la mort," Rochambeau said—between you, between us, through life, or death.

And others came to our aid—Poles, Spaniards, Scots, Canadians, Swedes, Germans, Dutch, Irish, and still more.

Our Revolution was won by and for all who cherish the timeless and universal rights of man. This battle was a vindication of ideas that had been forming for centuries in the Western mind.

From the Mediterranean had come the philosophies of Greece and the laws of Rome. England contributed represent-

(Photo by Jan K. Herman)

ative government, and the French and the Poles shared their dreams of equality and liberty. On our own frontier, we learned dependence on family and neighbors, and in our Revolution free men were taught reliance on other free men.

We of the West have lived the central truths, the values around which we now must rally—human dignity, individual rights, and representative democracy. Our nations share the foundation of common law, separation of powers, and limited government. We must unite behind our own common cause of freedom.

There are those in the world today, as there always have been, who recognize human rights as only selective favors to be doled out by the state. They preach revolution against tyranny, but they intend to replace it with the tyranny of totalitarianism.

Once again, today, thousands of free men and women have gathered on this battlefield in testimony to their beliefs. Let the struggle that took place here remind us all: The freedom we enjoy today has not always existed and carries no guarantees. In our search for an everlasting peace, let all of us resolve to remain so sure of our strength that the victory for mankind we won here is never threatened.

Will we meet the challenge, will we meet the challenge Joseph Warren put forth to Americans 200 years ago? Will we act worthy of ourselves? Each generation before us has struggled and sacrificed for freedom. Can we do any less?

The men and boys who fought on this field somehow understood that government must be close to people and responsive to them; that if all men are free to prosper, all will benefit.

Today, in our country, those concepts are threatened by government's bloated size and the distortion of its true functions. Our people are struggling under a punishing tax burden many times heavier than that which ignited our first rebellion. Regulations that inhibit our growth and prosperity would be incomprehensible to the colonists who revolted because of the Stamp Act.

Our Founding Fathers devised a system of government unique in all the world—a federation of sovereign States, with as much law and decisionmaking authority as possible kept at the local level. This concept of federalism has been the secret of America's success and will be a priority again as we restore the balance between the Federal, State, and local levels that was intended in the Constitution.

But of equal concern to me is the uncertainty some seem to have about the need for a strong American defense. Now, that is a proper task for the national government. Military inferiority does not avoid a conflict, it only invites one and then insures defeat. We have been trusted with freedom. We have been trusted with freedom and must insure it for our children and for their children. We're rebuilding our defenses so that our sons and daughters never need to be sent to war.

Where are the voices of courage and vision that inspired us in the past? Are we ever to hear those voices again? Yes. Thomas Paine, a voice of patriotism, said, "Those who expect to reap the blessings of freedom must, . . . , undergo the fatigue of supporting it." We always have, and we always will. That's just part of being an American.

Our Declaration of Independence has been copied by emerging nations around the globe, its themes adopted in places many of us have never heard of. Here in this land, for the first time, it was decided that man is born with certain God-given rights. We, the people, declared that government is created by the people for their own convenience. Government has no power except those voluntarily granted to it by we, the people.

There have been revolutions before and since ours, revolutions that simply exchanged one set of rulers for another. Ours was a philosophical revolution that changed the very concept of government.

John Adams wrote home from Philadelphia shortly before signing the Declaration of Independence, and he said, "I am well aware of the Toil and Blood and Treasure, that it will cost Us to maintain this Declaration, and support and defend these States. Yet through all the Gloom, I can see the Rays of ravishing Light and Glory. I can see that the End is more than worth all the Means—and that Posterity will triumph—".

President Reagan and President Mitterrand

(White House photo by Mary Ann Fackelman)

It is that vision we recall today. We have economic problems at home, and we live in a troubled and violent world. But there is a moral fiber running through our people that makes us more than strong enough to face the tests ahead. We can look at our past with pride, and our future can be whatever we make it. We can remember that saying Thomas Paine said, "We have it within our power to begin the world over again." We only have to act worthy of ourselves.

And as has been said already today, God bless America.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 26, 1981, which also carries remarks by Presidents Reagan and Mitterrand at a luncheon hosted by the latter on board the battleship *De Grasse* on Oct. 18, and remarks and dinner toasts by both Presidents and Lord Hailsham at a dinner hosted by Virginia Gov. John Dalton at Williamsburg that evening. ■

which also recognizes that, if one sets aside the realities of power in search of ephemeral pieties, it will also offend our sense of reality.

Clearly, what the fundamental objective of our foreign policy is today is to structure a world environment in which necessary and desirable historic change occurs within the accepted rules of Western civilization, international law, and Western mores of international behavior and that such change should not be brought about exclusively through resort to bloodshed, terrorism, and so-called wars of liberation.

The foreign policy is, as you know, structured on four pillars. Someone recently described them as four shafts. [Laughter]

The first is to recognize clearly that we Americans cannot effectively have our influence felt abroad if we preside over an economic shambles here at home.

Secondly, we recognize clearly that the time has long since passed when we must structure a new relationship with the Soviet Union that is built essentially on restraint in the international conduct of both powers and reciprocity in our mutual dealings of one with the other.

Third, it is a foreign policy that is structured on the pillar of seeking to refurbish and restrengthen traditional alliances and friendships.

And, lastly, it is a foreign policy which recognizes that in this decade of the 1980s America must establish a just, responsible relationship with the developing world.

I'd like to talk very briefly about several aspects of these pillars.

The first is East-West relations. I've just completed some 9½ hours of meetings with Soviet Foreign Minister Gromyko in New York at the General Assembly. These were meetings from which I personally—and I know the President—have drawn some encouragement. They were at once frank and far-ranging, substantively complete, devoid of polemic and diatribe, and focused on the concerns that both nations share with respect to the international performance of the other.

At these meetings no subject was excluded from discussion, and their consequences were the formal initiation of the theater arms talks in Geneva on the 30th of November and an agreement to meet again early next year in Geneva.

I think in the intervening period both sides have a fortuitous opportunity to assess carefully the interventions of the other. And if this dialogue continues with the same level of give-and-take that characterized our first exchanges, I think we have some hope for progress in setting aside some of the vexing differences that have characterized American-Soviet relationships in recent years.

Another pillar I want to touch upon very briefly is our relationship with our allies in Western Europe. There's been a great deal of attention recently to so-called peace movements in Western Europe. Some have described this as a juggernaut trend toward pacifism or neutralism. I have rejected and continue to reject that thesis.

What we are witnessing is a unique convergence of concerns about all things nuclear—environmentalist, green parties, joining with those who have traditionally been concerned about nuclear weaponry and the growth of nuclear weaponry, specifically in Western Europe.

I think it's important that we in America recognize first the character of this movement in Western Europe, recognizing that it is not necessarily fenced and exclusively confined to Western Europe, recognize its true character and conduct our public exposition on matters nuclear with a keen sensitivity to the concerns of Europe's youth, the church movement, and other potentially effective interest groups.

It is important to recall, however, that the decision to modernize theater nuclear weapons in Europe was taken at the initiative of West European leaders—specifically, Chancellor Schmidt [of West Germany] in his address in London in 1977—where at that time the great concern was decouplement, a breakdown of the continuum, if you will, between regional or theater nuclear forces and central strategic nuclear power and the need to strengthen that theater capability to keep that linkage specifically intact. That is a very important aspect of the process underway today.

More importantly, in arms control terms, there can hardly be a justification for the Soviet Union to sit down and negotiate meaningful reductions if we are going to unilaterally take care of their concerns about Western nuclear power while they continue—uninhibited—to deploy the SS-20 which threatens the capitals of Western Europe.

I want to say a word also now, before turning it over to your questions and answers, to the subject of yesterday's AWACS [airborne warning and control systems] vote.

We are, as you know, very gratified by the outcome of that vote. I want to emphasize, however, that this was an issue in which serious people differed—serious, well-motivated people differed. It is an issue which is now behind us, and I think in a constructive way, because it will inevitably contribute to the stability and peace process in the region.

I think it is important that we as Americans, as we always do once the decision is made, join together and work together to meet the profound challenges facing us in the Middle East today. Those challenges really confront us in several fundamental areas.

You've heard talk of the so-called strategic consensus. Some in the press seem to have interpreted that talk as being an American, or even a Haig-made, perception, something we were trying to construct in Western Europe to divert Arab attention from longstanding frustrations associated with the Arab-Israeli disputes.

Nothing could be farther from the truth. The strategic consensus exists. It has been in place for some time as a result of a number of actions taken by the Soviet Union and other radical groups in the Middle East.

It began to crystallize in the wake of Angola, Ethiopia, southern Yemen, northern Yemen, the fall of the Shah's regime in Iran, and, above all, in the wake of the Soviet intervention in Afghanistan.

It is a reality. It is a reality which now finds many Arab leaders focused not only on the historic frustrations of the Arab-Israeli dispute but focusing equally on their concerns about Soviet or Soviet-manipulated threats to their incumbencies. And I've made the point that these two areas—the peace process itself and the strategic consensus—are mutually reinforcing phenomena. Progress in one contributes to progress in the other.

It is very hard for nations to accept risks for peace if they are preoccupied by concerns about their security—whether that threat comes from the area that the risks are associated with or some external threat.

How do we know this strategic consensus exists? We've seen it in practice. We saw it on two occasions this past spring: first, [illegible] the Syrian missiles were emplaced [illegible] the Bekaa Valley; and when Saudi A[illegible], together with other

Arab states—Kuwait, Syria, Lebanon, the Secretary General of the Arab League—worked together to quiet the crisis and to seek positive steps to remove the causes of tension.

This same consensus withstood the shock of the Israeli attack on the Iraqi reactor and the outbreak of conflict between the Palestine Liberation Organization (PLO) and Israeli forces in northern Israel along the border. Had it not been for that consensus, any one of those shocks would have been enough to put the Middle East area once again into conflict.

In the period ahead we are going to have to continue to work—and work with increasing intensity—to achieve national reconciliation in Lebanon because that situation is, itself, now intimately engaged in the peace process—the Camp David accords. And that must be the second focal point of American diplomacy—to move the peace process under the Camp David framework forward.

When this Administration came in, the talks on the Sinai withdrawal question were stalemated. There were profound differences between Israel and Egypt on the composition of a peacekeeping force, and there was some doubt as to whether the relinquishment of the Sinai would take place. Those differences have been resolved, and we are on the eve of establishing a more broadly based force than was heretofore contemplated.

Secondly, the autonomy talks were totally stalled and the differences between the two parties were so vast that they appeared unbridgeable. In the subsequent months, we have found both parties at the ministerial level first entering a new round of talks with increased enthusiam and working-level talks which have formulated a work schedule, which I think is a source of great optimism and encouragement to all of us. We in the United States are going to remain a full partner in this process.

At this very moment we feel that the parties are, indeed, in the process of achieving breakthroughs. We will change the level of our participation to whatever is necessary to assist and facilitate that progress.

In conclusion I want to say a brief word about two summits already conducted by this Administration—the first at Ottawa and the second, and most recent, at Cancun—and the most unique, indeed.

In both instances the American President emerged fundamentally successful in the conduct of his business at the summit. He did so, of course, with the seven at Ottawa; and he did so especially at Cancun where American principles and fundamental benchmarks for global development were retained and reinforced and where at the same time the American President evidenced a sensitivity to the anguishing problems of the developing world today in a manner in which I think the prospects for real achievement in the days ahead have been greatly enhanced.

Q. In the last few speeches of Fidel Castro, besides attacking you as he always does, he said that Cuba had the capacity of creating social and political problems in the United States, and he said also that they were continuing with the policy of internationalism, which is to help the guerrillas. What are we in the United States doing, and what else can we do to stop the external interference in the affairs of Latin America?

A. I was engaged in a period just after the Cuban missile crisis working for Jack Kennedy and Joe Califano and Cy Vance, and I was military assistant to Cy Vance when we were first seized with the hemorrhaging of Cuban interventionism in this hemisphere, and in Central America specifically.

At that time, we were able, after some anguishing 2 or 3 years of a great deal of resources—American resources—and with the full support of the American Congress, to make the risks associated with that activity seem to be more costly than the continuation and the advantages of that activity.

We are faced with very much the same proposition today. It is clear that Castro is increasingly entering into interventionist activity in the hemisphere through arms, training, subversion, and terrorist activity. It is clear that the United States is faced with the problem of dealing effectively or realistically with this problem in a very different environment.

We have been involved in extensive studies on this subject which have been completed and which are under review, and until those reviews are complete and they have been presented to the President, enough said.

Q. Saudi Arabia today called the AWACS vote a victory over Zionism, and in Geneva the Saudis raised the price of oil. In view of those things, what did the United States really get in return for the AWACS deal except petrodollars?

A. Let me just make a few brief remarks on what we have already gotten from Saudi Arabia.

I highlighted the active role of Saudi Arabia in the peace process in Lebanon. In both instances—the crisis in the Bekaa Valley and the Zahle town crisis and the crisis along the border of northern Israel—the Saudi Arabians played an indispensable and vital role in maintaining the peace, as fragile as the peace is at the moment.

Secondly, Saudi Arabia has been active with resources and diplomacy in shoring up threatened regimes in the northern African littoral and throughout the Middle East and Southwest Asia. They have done that sometimes on their own and sometimes in concert with us.

Thirdly, to answer your question with respect to the petrodollar question, as you know the Saudis have been at the cutting edge, or the leading force, in trying to get a unified and standard price. They have been retaining their price at the level of about $32 [per barrel]. Many of the other Middle Eastern producers have been substantially above that.

So yesterday's conference enabled them to bring that price to a common level, $34 a barrel, as I understand it. I think that is an important achievement, because the basic overall consequence of it will be lower prices more than it is higher prices.

They have also dealt with another price of the higher quality oils, which I think they settled at $38 a barrel. And, as you know, some nations have been well above that. They also got a concurrence or a consensus to hold that price level through 1982.

No one applauds the astronomical cost of energy today, but I think it would be difficult to fault the Saudi leadership in this particular area.

Q. What are the U.S. policy objectives in regard to Iran, and what is the likelihood of a situation developing that could lead to a more pragmatic relationship between the United States and Iran?

And if you will permit me a somewhat related question, what approaches are being considered to the religiously fundamentalist approach to public policy issues that is found at crucial levels in the Islamic world and even to an important extent in Israel?

A. American policy with respect to Iran, of course, must be predicted on the

Official Development Assistance

Official development assistance is a technical term referring to the transfer of goods, services, or capital from one government to another to help the recipient develop its economy and raise its standard of living. One-quarter of such transfers must be in the form of grants, while loans and credits must be concessional, that is, given on a long-term, low-interest basis. This type of assistance also includes contributions to international institutions that finance development projects, such as the World Bank.

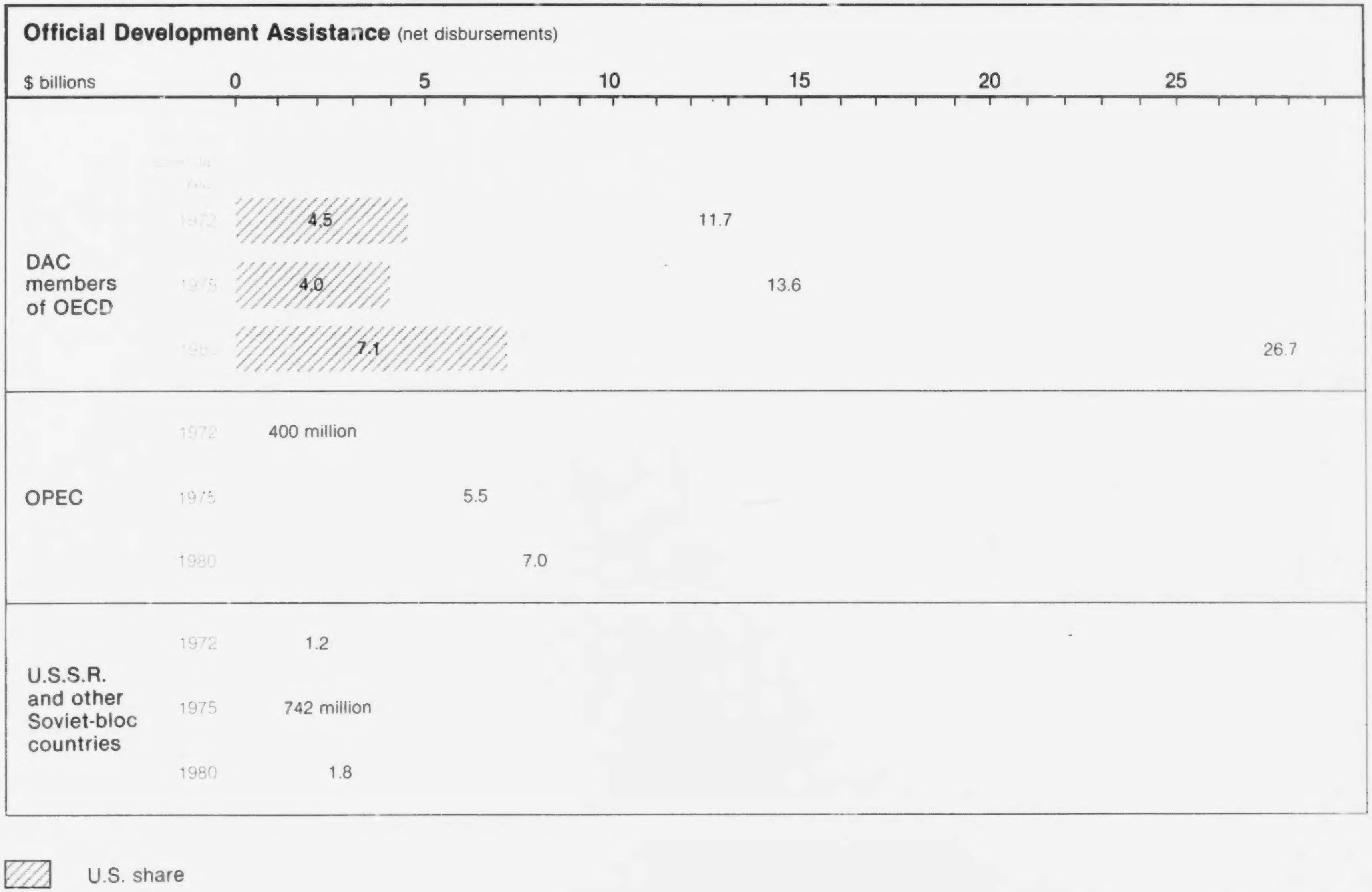
The Organization for Economic Cooperation and Development (OECD) consists of 24 developed market economies. The organization's major contributors belong to the Development Assistance Committee (DAC). Although the United States has always appropriated the most money for foreign aid of any member, its share in relation to GNP is smaller than that of most DAC countries.

For several years, aid from the Organization of Petroleum Exporting Countries (beginning in the late 1960s) did not exceed $500 million annually. While the 1973 oil price increase sharply raised OPEC revenues, other developing countries experienced a rise in their oil import bill of over $10 billion in 1974.

Source: OECD, *Development Co-operation: Efforts and Policies of the Members of the Development Assistance Committee* (Chairman's Report), 1974 Review, 1980 Review; OECD Secretariat estimates, supplemented by materials from other sources.

Official Development Assistance by DAC Members, CY 1980

DAC Member	% of GNP	Net Disbursements ($ millions)
Netherlands	.99	1,577
Norway	.82	473
Sweden	.76	923
Denmark	.72	464
France	.62	4,041
Belgium	.48	575
Australia	.48	657
West Germany	.43	3,518
Canada	.42	1,036
United Kingdom	.34	1,785
Japan	.34	3,304
New Zealand	.27	60
United States	.27	7,091
Switzerland	.24	246
Austria	.23	174
Finland	.22	106
Italy	.17	678
TOTAL DAC	**.37**	**26,708**


Official Development Assistance (net disbursements)

Multilateral Development Assistance

An ever-larger share of official development assistance is channeled through international agencies providing capital, technical assistance, or emergency aid to developing countries. Between 1970 and 1979, the multilateral share of official development assistance contributed by Development Assistance Committee (DAC) members of the Organization for Economic Cooperation and Development (OECD) rose from 16% to about 30%. The figures are the same for U.S. contributions in this period. The coexistence of multilateral and bilateral aid programs is generally regarded as beneficial. While international agencies have the advantage of accumulated knowledge, bilateral programs often prove to be more flexible.

Source: OECD, DAC, *Development Co-operation: Efforts and Policies of the Development Assistance Committee* (Chairman's Report), 1980 Review.

Multilateral Development Agencies

Institution	Year Established	Form of Aid	Disbursements, 1979 $ millions
World Bank Group			
International Bank for Reconstruction and Development (World Bank)	1944	Near-commercial-rate and some concessional loans for specific projects	2,953
International Development Association	1959	Concessional loans for projects in poorest developing countries	1,278
International Finance Corporation	1956	Loans to and equity investment in private enterprises	108
Regional Development Banks			
African Development Bank	1963	Near-commercial-rate and concessional loans for specific projects	147
Asian Development Bank	1965		394
Inter-American Development Bank	1959		782
Agriculture and Food Aid			
Food and Agriculture Organization of the United Nations	1945	Technical assistance in farm production and marketing	87
International Fund for Agricultural Development	1976	Concessional loans for projects to raise food production and reduce rural poverty	10
World Food Program	1962	Emergency food donations	518
Consultative Group on International Agricultural Research	1971	Techniques to improve crops and eliminate crop diseases	84 (1978)
U.N. Development Program	1965 (first predecessor 1948)	Technical assistance in all fields in cooperation with other agencies	542
U.N. Fund for Population Activities	1972	Grants for all areas of population and family planning	149
World Health Organization	1946	Technical assistance for national health programs and emergency aid	177
			Total: 7,529*

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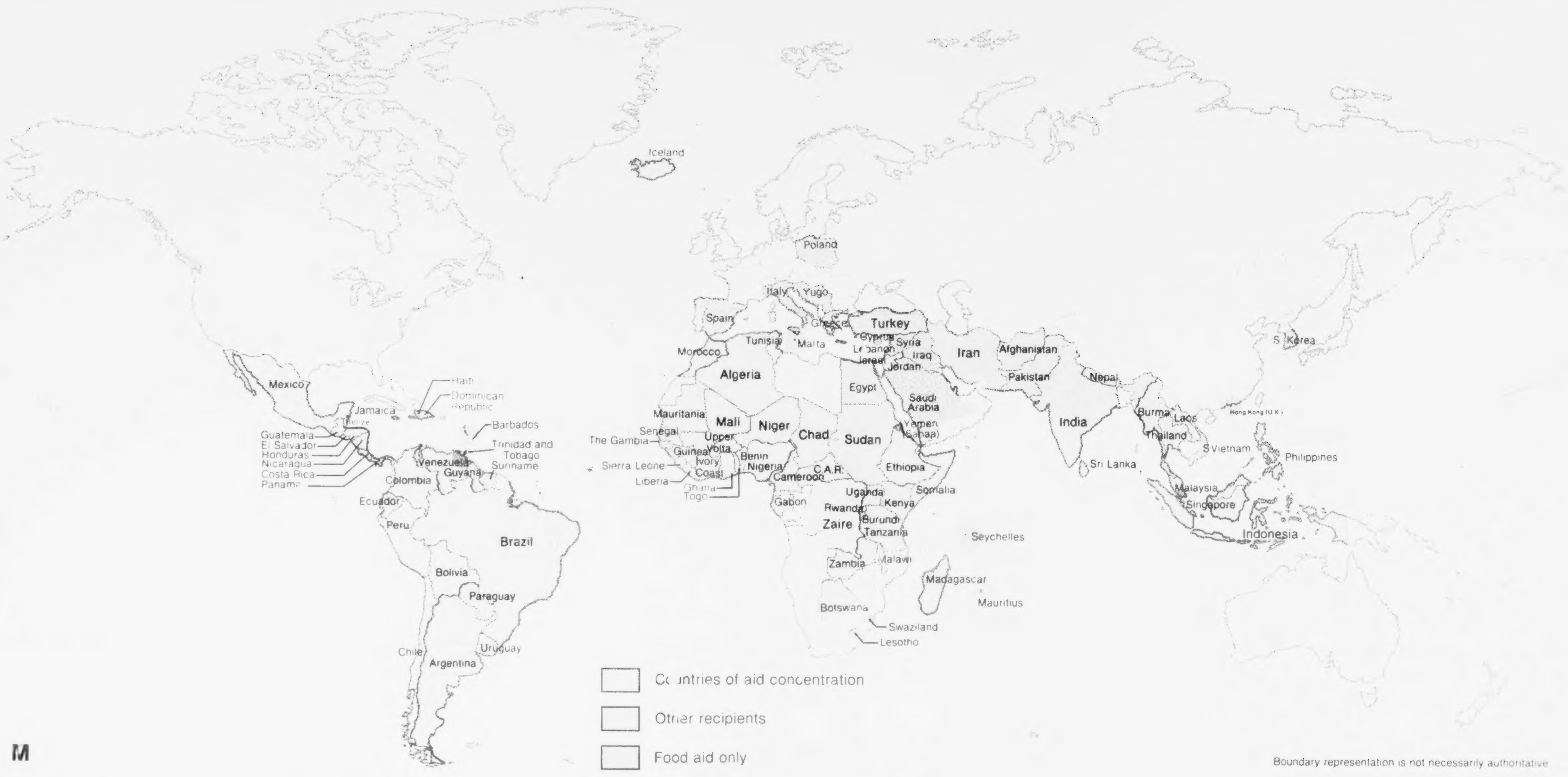
*DAC members also report as official development assistance their contributions to the U.N. Children's Fund, U.N. Relief and Works Agency for Palestine Refugees in the Near East, and the U.N. High Commissioner for Refugees.

U.S. Bilateral Economic Aid, 1967

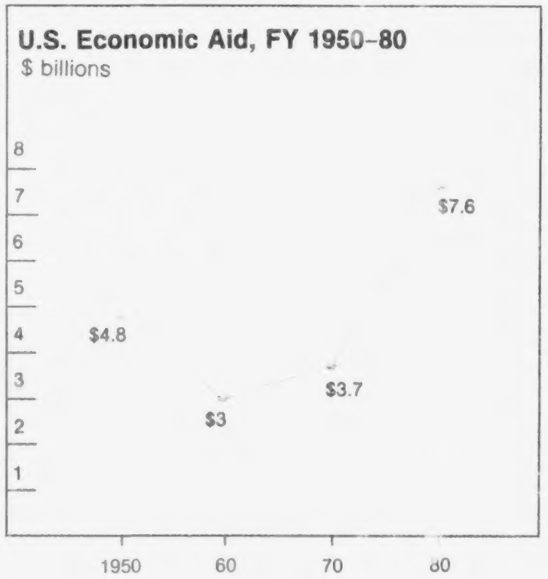
In the 1950s, after Europe's recovery, U.S. foreign aid was focused on the developing countries. Because of the Marshall plan's success, industrial growth was emphasized. Public Law 480 (Food for Peace, passed in 1954) authorized low-priced credit sales or outright grants of surplus agricultural commodities. In the 1960s there were new departures. The Alliance for Progress launched in 1961 gave new prominence to Latin America. And the Peace Corps began to provide volunteer manpower to developing countries. Under President Johnson, emphasis shifted to agriculture and food, education, and health. In 1967, for greater impact, the United States concentrated its aid effort in just 20 of the 70 countries assisted. U.S. economic aid in fiscal year 1967 totaled $4 billion—0.5% of the gross national product.


Iceland
Poland
Italy
Yugo.
Spain
Greece
Turkey
Morocco
Tunisia
Malta
Cyprus
Syria
Lebanon
Israel
Iraq
Jordan
Iran
Afghanistan
Pakistan
Nepal
India
Algeria
Egypt
Saudi Arabia
Yemen (Sanaa)
Mauritania
Mali
Niger
Chad
Sudan
Senegal
The Gambia
Upper Volta
Guinea
Sierra Leone
Ivory Coast
Liberia
Ghana
Togo
Benin
Nigeria
Cameroon
C.A.R.
Ethiopia
Somalia
Gabon
Uganda
Kenya
Rwanda
Burundi
Zaire
Tanzania
Zambia
Malawi
Madagascar
Botswana
Swaziland
Lesotho
Seychelles
Mauritius
Sri Lanka
Burma
Laos
Thailand
Hong Kong (U.K.)
S Vietnam
Philippines
Malaysia
Singapore
Indonesia
S Korea
Mexico
Jamaica
Belize
Haiti
Dominican Republic
Barbados
Trinidad and Tobago
Suriname
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Countries of aid concentration
Other recipients
Food aid only
Boundary representation is not necessarily authoritative

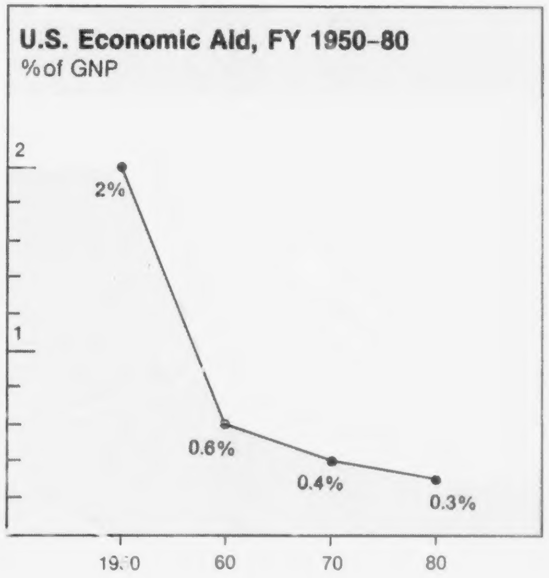
U.S. Bilateral Economic Aid, 1980

Between 1948 (when Marshall plan funds were first obligated) and 1980, U.S. economic aid totaled $136 billion. This aid was only 0.5% of the U.S. gross national product for this period and 2.3% of Federal budget outlays.

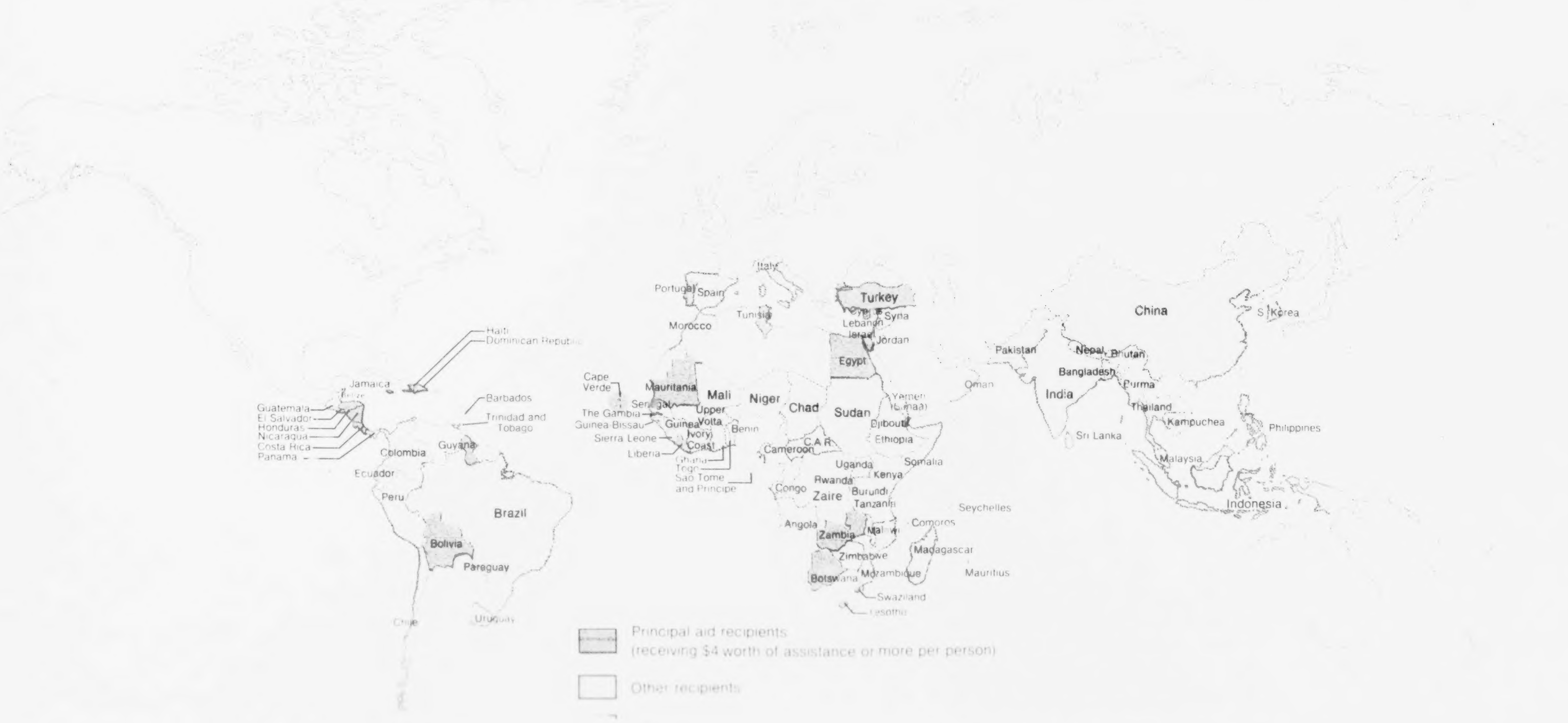
In 1980 the direction of U.S. development assistance reflected the 1973 "new directions" policy mandating emphasis on basic human needs in the poorest developing countries. Israel and Egypt, the largest U.S. aid recipients in 1980, received mostly economic support assistance (loans or grants given to countries of special security or political interest). U.S. economic aid in fiscal year 1980 totaled $7.6 billion—0.3% of the gross national product.



U.S. Economic Aid, FY 1950–80
$ billions

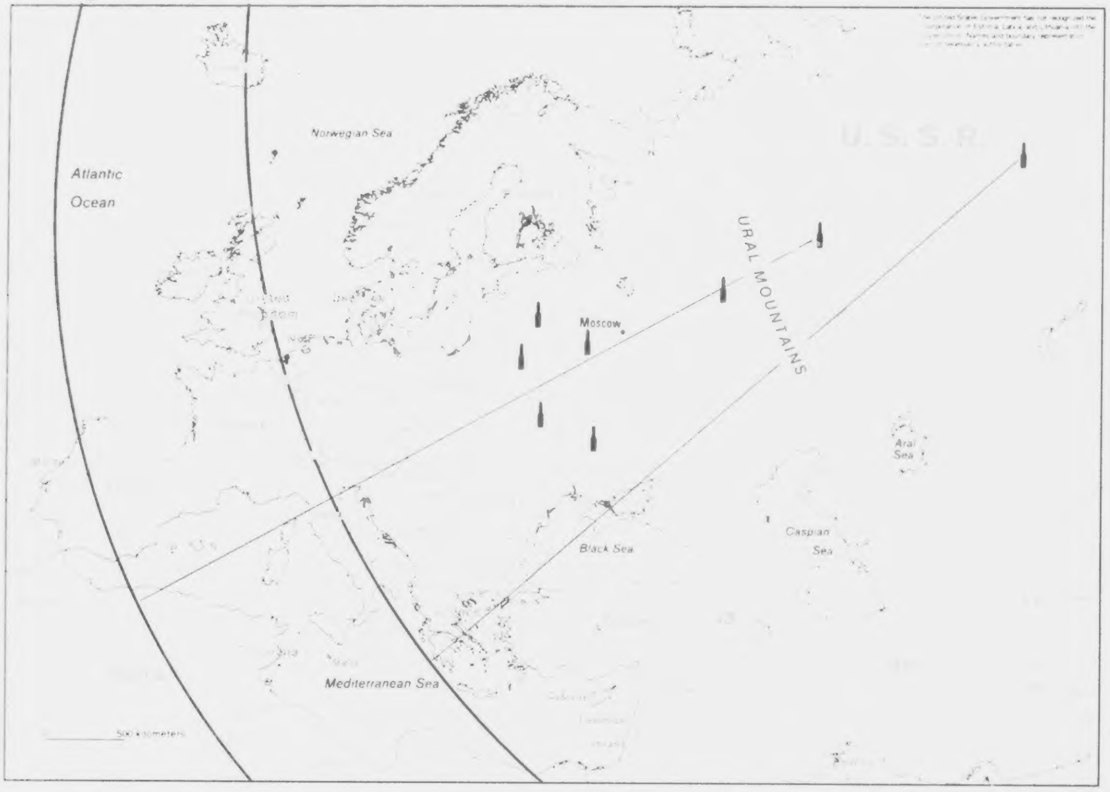


U.S. Economic Aid, FY 1950–80
%of GNP



Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Jamaica
Belize
Haiti
Dominican Republic
Barbados
Trinidad and Tobago
Colombia
Ecuador
Peru
Guyana
Brazil
Bolivia
Paraguay
Chile
Uruguay
Cape Verde
The Gambia
Guinea Bissau
Sierra Leone
Liberia
Senegal
Mauritania
Mali
Upper Volta
Guinea
Ivory Coast
Ghana
Togo
Sao Tome and Principe
Benin
Niger
Portugal
Spain
Morocco
Italy
Tunisia
Chad
Cameroon
C.A.R.
Congo
Zaire
Angola
Zambia
Botswana
Zimbabwe
Mozambique
Swaziland
Lesotho
Malawi
Tanzania
Burundi
Rwanda
Uganda
Kenya
Somalia
Sudan
Egypt
Ethiopia
Djibouti
Yemen (Sanaa)
Turkey
Cyprus
Syria
Lebanon
Israel
Jordan
Oman
Comoros
Madagascar
Mauritius
Seychelles
Pakistan
India
Nepal
Bhutan
Bangladesh
Sri Lanka
Burma
China
Thailand
Kampuchea
Malaysia
Indonesia
Philippines
S. Korea
Principal aid recipients (receiving $4 worth of assistance or more per person)
Other recipients

Coverage of Europe From SS-20 Bases East of the Urals



no new intermediate-range missiles and withdrew 1,000 nuclear warheads from Europe, the Soviet Union deployed 750 warheads on mobile, accurate ballistic missiles. They now have 1,100 warheads on the SS-20, SS-4, and SS-5 missiles, and the United States has no comparable missiles. Indeed, the United States dismantled the last such missile in Europe over 15 years ago.

As we look to the future of the negotiations, it is also important to address certain Soviet claims which, left unrefuted, could become critical barriers to real progress in arms control. The Soviets assert that a balance of intermediate-range nuclear forces already exists. That assertion is wrong. By any objective measure, as this chart indicates [see page 4], the Soviet Union has an overwhelming advantage, on the order of six to one.

Soviet spokesmen have suggested that moving their SS-20s beyond the Ural Mountains will remove the threat to Europe. As this map demonstrates, the SS-20s, even if deployed behind the Urals, will have a range that places almost all of Western Europe, the great cities, Rome, Athens, Paris, London, Brussels, Amsterdam, Berlin, and so many more; all of Scandinavia; all of the Middle East; all of northern Africa—all within range of these missiles, which incidentally are mobile and can be moved on shorter notice.

The second proposal I've made to President Brezhnev concerns strategic weapons. The United States proposes to open negotiations on strategic arms as soon as possible next year. I have instructed Secretary Haig to discuss the timing of such meetings with Soviet representatives.

Substance, however, is far more important than timing. As our proposal for the Geneva talks this month illustrates, we can make proposals for genuinely serious reductions but only if we take the time to prepare carefully. The United States has been preparing carefully for resumption of strategic arms negotiations because we do not want a repetition of past disappointments. We don't want an arms control process that sends hopes soaring only to end in dashed expectations.

I have informed President Brezhnev that we will seek to negotiate substantial reductions in nuclear arms which would result in levels that are equal and verifiable. Our approach to verification will be to emphasize openness and creativity—rather than the secrecy and suspicion which have undermined confidence in arms control in the past.

While we can hope to benefit from work done over the past decade in strategic arms negotiations, let us agree to do more than simply begin where these previous efforts left off. We can and should attempt major qualitative and quantitative progress. Only such progress can fulfill the hopes of our own people and the rest of the world. And let us see how far we can go in achieving truly substantial reductions in our strategic arsenals. To symbolize this fundamental change in direction, we will call these negotiations START—Strategic Arms Reduction Talks.

The third proposal I have made to the Soviet Union is that we act to achieve equality at lower levels of conventional forces in Europe. The defense needs of the Soviet Union hardly call for maintaining more combat divisions in East Germany today than were in the whole Allied invasion force that landed in Normandy on D-day. The Soviet Union could make no more convincing contribution to peace in Europe—and in the world— than by agreeing to reduce its conventional forces significantly and constrain the potential for sudden aggression.

Finally, I have pointed out to President Brezhnev that to maintain peace, we must reduce the risks of surprise attack and the chance of war arising out of uncertainty or miscalculation. I am renewing our proposal for a conference to develop effective measures that would reduce these dangers. At the current Madrid meeting of the Conference on Security and Cooperation in Europe, we are laying the foundation for a Western-proposed conference on disarmament in Europe. This conference would discuss new measures to enhance stability and security in Europe. Agreement on this conference is within reach. I urge the Soviet Union to join us and many other nations who are ready to launch this important enterprise.

All of these proposals are based on the same fair-minded principles: substantial, militarily significant reduction in forces; equal ceilings for similar types of forces; and adequate provisions for verification. My Administration, our country, and I are committed to achieving arms reduction agreements based on these principles. Today, I have outlined the kinds of bold, equitable proposals which the world expects of us. But we cannot reduce arms unilaterally. Success

Key Intermediate-Range Land-Based Missiles

Soviet					US			
Type	Warheads per Missile	Number of Launchers Deployed	Total Warheads on Launchers	Range (km)	Total Warheads on Launchers	Number of Launchers Deployed	Warheads per Missile	Type
SS-20	3	250	750	4,400 to 5,000		—		—
SS-5	1	35	35	4,100		—		—
—				2,500	0 (464 planned)	0 (116 launchers, 4 missiles per launcher planned)	1	Ground-launched cruise missile
SS-4	1	315	315	1,900		—		—
—		—		1,800	0 (108 planned)	0 (108 planned)	1	Pershing II
Total		600	1,100		(572 planned)	0 (224 planned)		**Total**

can only come if the Soviet Union will share our commitment; if it will demonstrate that its often-repeated professions of concern for peace will be matched by positive action.

U.S. Concept of Peace

Preservation of peace in Europe and the pursuit of arms reduction talks are of fundamental importance. But we must also help to bring peace and security to regions now torn by conflict, external intervention, and war.

The American concept of peace goes well beyond the absence of war. We foresee a flowering of economic growth and individual liberty in a world at peace. At the economic summit conference in Cancun, I met with the leaders of 21 nations and sketched out our approach to global economic growth. We want to eliminate the barriers to trade and investment which hinder these critical incentives to growth. And we're working to develop new programs to help the poorest nations achieve self-sustaining growth.

And terms like "peace" and "security," we have to say, have little meaning for the oppressed and the destitute. They also mean little to the individual whose state has stripped him of human freedom and dignity. Wherever there is oppression, we must strive for the peace and security of individuals as well as states. We must recognize that progress in the pursuit of liberty is a necessary complement to military security. Nowhere has this fundamental truth been more boldly and clearly stated than in the Helsinki accords of 1975. These accords have not yet been translated into living reality.

Today, I have announced an agenda that can help to achieve peace, security, and freedom across the globe. In particular, I have made an important offer to forego entirely deployment of new American missiles in Europe if the Soviet Union is prepared to respond on an equal footing.

There is no reason why people in any part of the world should have to live in permanent fear of war or its specter. I believe the time has come for all nations to act in a responsible spirit that doesn't threaten other states. I believe the time is right to move forward on arms control and the resolution of critical regional disputes at the conference table. Nothing will have a higher priority for me and for the American people over the coming months and years.

Addressing the United Nations 20 years ago, another American President described the goal we still pursue today. He said, "If we all can persevere, if we can . . . look beyond our own shores and ambitions, then surely the age will dawn in which the strong are just and the weak secure and the peace preserved." He didn't live to see that goal achieved.

I invite all nations to join with America today in the quest for such a world.

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[1] White House press release. ■

Arms Control and Strategic Nuclear Forces

Secretary Haig's statement before the Senate Foreign Relations Committee on November 4, 1981.[1]

It is a pleasure to appear before you today to discuss the foreign policy and arms control implications of the President's strategic force modernization program. Media attention and commentary have tended to focus on the more technical aspects of the individual weapon systems rather than on the implications of the overall program for our foreign policy. I, therefore, welcome the opportunity to explore the relationship between strategic nuclear forces and our foreign policy and arms control objectives.

I am sure that the committee appreciates the historical significance of the President's decisions—decisions which will shape our strategic force policy and programs from now until the 21st century. These decisions followed what probably was the most extensive review ever undertaken of our strategic posture—the balance of nuclear forces between the United States and the Soviet Union and the range of possible program alternatives.

It is a tribute to [Defense Secretary] Cap Weinberger's skill and expertise that he has been able to sift through the computer analyses, opinions, judgments, hopes, and biases to develop for the National Security Council and the President a comprehensive and coherent plan for modernizing our strategic forces.

I, along with the other members of the National Security Council, actively participated throughout the review process, which included a series of meetings with the President. I am persuaded that the resulting plan for strategic force modernization is the best practical program that can be achieved and is an essential ingredient for accomplishing our foreign policy and arms control objectives. It has my full support.

Let me begin by taking a moment to review the changes in the strategic nuclear equation which have occurred over the past generation. From the end of World War II until the 1970s, U.S. defense and foreign policy were underpinned by the reality of U.S. nuclear superiority. Indeed, it probably would not be too much to say that we took nuclear superiority for granted and were not fully conscious of the ways in which it shaped our thinking and our strategy.

The strategic environment of the 1980s is quite different. It is one thing to deter the use of a few nuclear weapons by an adversary who is not nearly as strong as we. It is quite another to deter an opponent whose strategic nuclear capabilities are at least the equal of ours.

We are just beginning to come to terms with the implications of this new strategic environment. Inevitably, the process includes some false starts and mistaken ideas. For example, some will say that we are locked in a "nuclear stalemate" with the Soviet Union and that we must concentrate on conventional force improvements even at the expense of strategic force modernization.

I am afraid, however, that we do not have the luxury of easy choices. We may once have looked to our advantages in nuclear forces to offset Soviet conventional capabilities, but in the strategic environment of the 1980s we have no alternative but to pursue a comprehensive and balanced program which strengthens our conventional capabilities and, at the same time, modernizes our nuclear forces.

Role of Strategic Forces

I know that this committee appreciates the interdependence of foreign and defense policy. In today's environment, foreign policy and defense policy cannot be treated as separate issues. If, in the past, we could sometimes afford the illusion that defense policy and foreign policy were unrelated—that military power was applicable only after diplomacy had failed—we can no longer.

The Soviets understand this interrelationship and use it to their advantage. They learned their lesson from the setback they suffered in the Cuban missile crisis and have built rapidly and relentlessly to become a global military power. They now have the capability—and have increasingly demonstrated the willingness—to project power and intervene in the affairs of other nations, either directly or through surrogates.

As massive as the growth in Moscow's conventional forces has been, however, it should not obscure the expansion of their strategic nuclear forces which likewise support Soviet coercion and intimidation. One of the most profound changes in the international environment over the past 15 years has been the growth in the number and quality of Soviet strategic nuclear weapons. There is no doubt they are now our equal in strategic forces and are superior in some respects. Throughout, the Soviets have demonstrated their appreciation of the fact that, even if they are never used, military capabilities—including strategic nuclear forces—are central instruments of foreign policy.

We have not always been as clear eyed as the Soviets about these international facts of life. Particularly as our nuclear advantages have eroded, we have tended to lose sight of the foreign policy functions of strategic nuclear forces. In my view, strategic nuclear forces affect:

- The quality and credibility of *deterrence*;
- Our ability and success in *crisis management*; and
- The conduct and results of American *diplomacy*.

First. The first function of nuclear forces, of course, is to deter Soviet nuclear attacks against ourselves, our allies, and our friends and—in combination with conventional forces—to deter Soviet conventional aggression. But to be effective, our deterrent must be credible. Credibility, in turn, depends upon the capabilities of our strategic nuclear forces. It depends on having forces which are flexible enough to be able to respond to a broad spectrum of threats so that whatever the circumstances and whatever the level of conflict, the Soviets never have an incentive to launch a nuclear attack.

The President's plan strengthens our deterrent in the face of the changing Soviet threat. The clearest example of this is the decision to build and deploy the MX missile. If we are to deter the Soviet Union we must put at risk those things—including their military capabilities—which they value most. The question is not whether we want to build a system with the unique capabilities embodied in the MX, but whether we can maintain an adequate deterrent without it.

Second. The nuclear balance inevitably affects the political and psychological environment within which deep international crises must be managed. The confidence which we have in our nuclear deterrent cannot but influence how we will behave in a crisis. Our strategic nuclear capabilities also affect the perceptions of our adversaries: Doubts about our strategic nuclear deterrent can only increase the chance that our political will would be tested during crises.

Put simply, our own vulnerability to nuclear blackmail, as well as the susceptibility of our friends to political intimidation, depends upon our ability and willingness to cope credibly with any Soviet threat of escalation. A strong and flexible nuclear capability enhances stability by discouraging any Soviet temptation toward adventurism at the same time that it strengthens our hand in responding to Soviet political-military threats.

Third. Short of crisis, nuclear weapons perform an important function in the conduct of day-to-day diplomacy. Just as broad military capabilities form the backdrop against which foreign policy is conducted, the strategic nuclear balance casts a shadow which affects every geopolitical decision of significance. The image of U.S. strength and the perception of U.S. commitment permeates into every region of the world. The nuclear balance is a crucial, if unstated, factor for all those countries who seek stable security arrangements in the face of Soviet expansionism.

This is particularly the case for our allies. The strategic force modernization we are now undertaking is a key element in the continued health and unity of the Atlantic alliance. For more than 30 years the fate of the United States and its European allies has been inseparable. By correcting the perceptions—and reality—of emerging imbalances in strategic forces, we will underscore our commitment to resist Soviet expansionist goals and reaffirm the credibility of the "nuclear umbrella" which we extend over our allies.

These three functions of nuclear weapons—deterrence, crisis management, and day-to-day diplomacy—are enduring. Our fundamental goals for our strategic forces have not changed. What has changed is the level and character of the Soviet threat—the number and quality of their nuclear weapons. The President's plan is designed to counter this evolving threat by deploying forces that will strengthen deterrence and deny the Soviets any possibility of coercion.

The President's Strategic Force Modernization Program

The President's decisions on strategic force modernization support our foreign policy in several important respects.

The decision to deploy the MX missile demonstrates that we understand the importance of a land-based force in a strong and credible deterrent. MX deployment—first in hardened silos and later in a more permanent basing mode—reaffirms our commitment to maintain the diverse capabilities of the strategic triad in the face of an evolving Soviet threat.

The Trident II missile will provide qualitative improvements in the capabilities of the sea-based leg. The decision to develop the Trident II is important for the long-term viability of our submarine deterrent and for enhancing the effectiveness of our strategic triad.

Our fundamental goals for our strategic forces have not changed. What has changed is the level and character of the Soviet threat—the number and quality of their nuclear weapons. The President's plan is designed to counter this evolving threat by deploying forces that will strengthen deterrence and deny the Soviets any possibility of coercion.

The President's program also recognizes that a secure strategic reserve—that is, forces which can endure even in the event of a large or extended nuclear conflict—can be a critical element in enhancing nuclear deterrence. He, therefore, has decided to deploy sea-based cruise missiles to improve the resilience and effectiveness of our strategic reserve weapons as well as promptly to redress the growing imbalance in strategic forces.

As the NATO alliance concluded after the thorough study leading to its 1979 decision, however, sea-based systems cannot counter the Soviet theater nuclear forces (TNF) threat to NATO. Land-based LRTNF [long-range TNF] systems in Europe, therefore, are absolutely necessary to fill the gap in the continuum of deterrence resulting from Soviet TNF buildup and to strengthen the link between the defense of Europe and U.S. strategic forces. Sea-based cruise missiles, by contrast, would not directly respond to the Soviet land-based threat nor provide for widespread alliance participation in the defense of Europe.

Like sea-based cruise missiles, the B-1B bomber also reflects the near-term necessity to correct the growing imbalance in strategic forces. At the same time, the President's decision recognizes the long-term importance of bombers for conventional missions. It will meet our requirement for a modernized penetrating bomber until the Stealth aircraft becomes available and, thereafter, will continue to perform essential nuclear and conventional roles. Just as B-52s have performed useful missions for more than a generation, the B-1B will serve us into the 21st century.

The new emphasis on command and control, along with strategic defenses, are essential elements in the overall modernization plan. Both have been long neglected. Yet even small improvements in command and control can result in major improvements in the effectiveness of our strategic weapons. Strategic defenses also do much to reduce the effectiveness of Soviet forces and—from Moscow's perspective—make the outcome of a Soviet attack much less predictable.

The President's decision on ballistic missile defense warrants special comment. This decision does not commit us to withdraw from the ABM Treaty nor to modify it. It does expand research and development, allowed within the bounds of the treaty, to see if the new technology in this field can enhance the survivability of our land-based intercontinental ballistic missiles (ICBMs). Decisions with respect to the treaty itself will be taken only after long and hard study and following close consultations with the Congress and with our allies. We are nowhere close to such a decision.

strategic importance and the historic relationship of that strategic importance to American policy traditionally. We make no bones about our discomfiture with the current regime in Tehran. We make no bones about it.

On the other hand, we have, for example, in the conduct of the Iran-Iraq conflict, taken an impartial view, because we are concerned about the long-term historic relationships. We seek to pursue policies which will result in a moderate or at least a regime in Tehran which is compatible with the U.S. policies and interests and values and those of the rest of the Western world. We are not enjoying such a regime today.

I won't get into the other question because it is a profound question with many complex overtones. It is very different, depending on which movement you are talking about and which center of power may be engaged with that movement.

It is an important historic phenomenon. It is one that is replete with mixed blessings. In some instances it represents a threat to moderate incumbencies, but I would suggest that events in Afghanistan would also confirm that it is viewed as a threat in Moscow, as well.

Q. You have been talking to the Chinese Foreign Minister. Are you initiating talks with the idea of selling arms to mainland China as well as to Taiwan?

A. My visit to Beijing last spring touched upon a changed overall policy with respect to the United States and China in arms sales. We no longer carry them in the category as an enemy; we have moved them in the category of a nonallied friendly state. That means that we are willing to accept requests for weaponry on a case-by-case basis. We have not received any. Our discussions thus far have not touched upon this subject.

Q. What is the U.S. criteria in considering a vote for the Secretary General of the United Nations in light of the fact that there is pressure mounting for an African Tanzanian to assume the post? And what is our government's official policy toward South Africa?

A. We go into the selection of the Secretary General of the United Nations with a very open mind. We simply want the best qualified man for the job. As you know, the various rounds of votes are taken on a secret written ballot. I think we are on our eighth now or ninth ballot, and there has been somewhat of a stalemate.

How people can attribute vetos to one power or another, I am not quite sure since these are secret written ballots, and one has to be suspicious of speculations as to who vetoed for whom.

But I would say that they are in a recess at the moment on this subject, to regroup and assess the situation of the two candidates who are being considered—Mr. Waldheim and Mr. Salim Salim of Tanzania. Whether new dark-horse candidates will surface remains to be seen, but it appears likely that some will. I don't want to prejudge that issue.

Our official policy toward South Africa is not to endorse the policies of apartheid, by which we are appalled and which we oppose.

We are engaged in a very active communication with South Africa on the subject of the independence of Namibia. When we came into office, the talks on the independence of Namibia were totally stalled out. We have had 3 years of sterile diatribe and no progress, so the President felt that the most appropriate way in which to proceed was to conduct our negotiations through quiet diplomacy and not headlines.

In that intervening period, after the meeting in Geneva, we found that South Africa had come to reject U.N. Resolution 435, had come to reject any U.N. presence in Namibia in a transition period, and had come to insist that a very detailed constitution be written and agreed to by the parties which would guarantee minority rights and a number of other vexing questions.

In the intervening period since then, South Africa has come to accept 435, to accept the U.N. presence in Namibia, and we have just completed drafting a set of broad principles on about a page and a half which would be reinforcing the provisions of 435. It is currently being negotiated by the contact group with the front-line states and with South Africa. That represents progress, hopeful progress.

On the other hand, as that progress has been achieved, there has been an increasing level of interrelationships surfacing—empirical, not functional—between the continuing Cuban presence in Angola 6 years after their intervention and the objective of achieving an independe[illegible] Namibia in 1982, and that is our objective.

Q. With regard to AWACS, the emphasis is being placed, on the question of what the United States is getting out of it, on the fact that there is an increase in security for Saudi Arabia.

If the AWACS aren't delivered until 4 years have passed, and in view of the technology that Under Secretary [for Security Assistance, Science, and Technology James L.) Buckley discussed earlier—the technology that the Soviet Union is developing—won't those AWACS represent less of a strengthening in security in 4 years than they would if they were delivered now?

A. I suppose you could describe it that way in relative terms, but it is like the M-1 rifle or the jeep. It performs a very special function.

Between now and then, if the Government of Saudi Arabia so wishes, the American AWACS which are there now will continue to be available.

When those AWACS are introduced, while the state of the art would suggest that others will have comparable systems—and especially the Soviet Union—it does not lessen the vital importance that an AWACS can play in the defense of Saudi Arabia and especially the oil fields in eastern Saudi Arabia. And the AWACS would permit, for example, as we confirmed at the time the Iranian aircraft bombed the oil facilities in Kuwait several weeks ago—the American AWACS picked up those aircraft the minute they left the airfield in Iran and would have permitted defensive aircraft to be scrambled and engaged before damage to the oilfields. And that is the kind of a threat that we have those AWACS there to protect against.

Q. Ex-President Carter and ex-President Ford both said that they felt that we had to address the subject of Palestinian liberation and a state for the Palestinians. Do you reflect the AWACS decision in any way as a step in the direction of a settlement along that line, or what is your outlook on that?

A. I think both Presidents also stated that for the process of having Palestinian or PLO participation in the negotiations, the ticket for admission is very clear. It has been long established and it hasn't changed, and that is a recognition of Israel's right to exist and a recognition of the provisions of U.N. Resolutions 242 and 338. Nothing has changed. That remains American policy.

Does the AWACS contribute in any way? I would say indirectly, yes. It contributes because I would hope that it will insure the continued full participation of Saudi Arabia in the Lebanon peace process that I talked about which is indirectly but intimately related to the peace process under Camp David.

Yesterday, the question was asked of the President about the [Saudi] Crown Prince's eight points. We pointed out, and the President pointed out, that there are aspects of that eight-point proposal made by Crown Prince Fahd by which we are encouraged. There is an indirect or implicit recognition of Israel's right to exist and 242 in those eight points, although it is not explicit.

But we also pointed out that there are other aspects of those eight points which we have always considered must not be *a priori* conditions but issues which must be negotiated by the parties.

Q. Since one of the most pregnant issues today is Poland and the crisis in Poland, and since you have spoken to Gromyko with the President a little while ago, what is the feeling and what is the stand of the Russians today as to intervention, and if they do, how would America step in and do something to help Poland out?

A. I think the United States and our Western partners have been very explicit and very definitive, if you will, about the unacceptability of direct or indirect Soviet interventionism in Poland. It has been our position, and it remains our position, that this is an issue which must be decided by the Polish people and Polish authorities. I think the Soviet Union is very aware of that.

The situation today is in one of those dialectic terms which such situations always follow, while following a fundamental historic trend. I would say the historic trend looks like there is more reaction underway at the moment, as we have seen the military forces dispersed throughout the countryside with the stated objective of helping transportation, the movement of food, and adjudicating local unrest.

We are watching the situation very, very carefully, and I would say it is too soon to say whether or not these recent steps would drift into a martial law situation—in which I think the situation would then have taken a serious turn—or whether it will be just another one of those turns in the road in which there are pushes in one direction and then retrenchments, and then pushes in another direction and retrenchment. It is just a little early to say.

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[1] Press release 364 of Oct. 30, 1981. ■

Administration Supports Ratification of Protocol I of Treaty of Tlatelolco

by Eugene V. Rostow

Statement before the Senate Foreign Relations Committee on September 22, 1981. Mr. Rostow is Director of the Arms Control and Disarmament Agency (ACDA).[1]

I appreciate the opportunity to appear before you today on behalf of the Administration in support of ratification of Protocol I of the Treaty for the Prohibition of Nuclear Weapons in Latin America—known as the treaty of Tlatelolco. In the statement on nuclear nonproliferation policy made by the President on July 16, 1981, he cited as a specific U.S. objective continued support for adherence to the treaty of Tlatelolco by those countries for which it has not yet entered into force. He also announced that he would promptly seek the Senate's advice and consent to ratification of Protocol I of the treaty.

As you know, the treaty of Tlatelolco is the first treaty to seek to establish a nuclear-weapons-free-zone in any populated region of the world. It is currently in force for 22 Latin American and Caribbean states. The idea of establishing a nuclear-weapons-free-zone originated in a Brazilian proposal in 1962. It was followed by a joint declaration in 1963 by the Presidents of Bolivia, Brazil, Chile, Ecuador, and Mexico supporting the establishment of such a zone. This joint declaration received the support of the U.N. General Assembly in 1963. The United States voted in favor of the General Assembly resolution. Detailed and extensive negotiations among the Latin American nations followed—culminating in regional meetings in Mexico City with all the countries of the region for signature of the treaty on February 14, 1967. The treaty has entered into force for most Latin American states, but is not yet in effect for Argentina, Brazil, Chile, and Cuba. We believe that U.S. ratification of Protocol I would improve the prospects toward complete entry into force of the treaty regime throughout the region. U.S. action on Protocol I would also remove a pretext for Cuba not adhering to the treaty.

In addition to the basic treaty—which would prohibit indigenous development of nuclear weapons by Latin American states—there are two protocols. These are designed to keep the territories of the region affected by the treaty and its protocols free of nuclear weapons by preventing their deployment in such territories by states outside the treaty zone. Additional Protocol II involves an undertaking by nuclear weapons states not to use or threaten to use nuclear weapons against the parties to the treaty nor to contribute in any way to acts involving a violation of the basic provisions of the treaty. The United States ratified additional Protocol II in 1971. It is the only post-World War II arms control agreement adhered to by China, France, the United Kingdom, the United States, and the Soviet Union.

Additional Protocol I, which is before you today, represents the final step in formal U.S. support for the nuclear-free-zone established by the treaty. Under the protocol those states outside the treaty zone undertake to apply the denuclearization provisions of the treaty to their territories within the zone. For the United States, the territories primarily involved are Puerto Rico, the Virgin Islands, and the military base at Guantanamo. The United Kingdom and the Netherlands have already adhered to Protocol I; France has signed the treaty and ratification is under consideration by the French Government. U.S. ratification of Protocol I is an essential step for full entry into force of the treaty throughout the region.

Full entry into force of the treaty of Tlatelolco is clearly in our nonproliferation and national security interests. U.S. ratification will help maintain progress toward full entry into force of this important treaty, will demonstrate our continued commitment to prevent the spread of nuclear weapons, and will also emphasize our belief that the Tlatelolco treaty regime is an important element of U.S. nonproliferation policy. Like the Treaty on the Nonproliferation of Nuclear Weapons (NPT), the Tlatelolco treaty commits adherents to refrain from developing nuclear weapons and to apply International Atomic Energy Agency (IAEA) safeguards. An important factor for some significant Latin American states which have expressed political objections to adhering to the NPT is that Tlatelolco provides the most promising alternative to the NPT to

Major Developing Economies Receiving Foreign Direct Investment

Although private capital has played a large role in the world development effort, developing countries are divided on the issue of private direct investment (purchase of a substantial share of a business, usually implying managerial control). While some restrict or prohibit the entry of foreign private capital, others welcome it as a means to generate employment and raise the level of technology.

Two-thirds of all foreign direct investment in the developing world is concentrated in 12 economies—Argentina, Brazil, Hong Kong, India, South Korea, Malaysia, Mexico, Peru (chiefly mining), Philippines, Singapore, Zaire (chiefly mining), and Taiwan.* Foreign direct investment has played a vital role in the industrialization of such economies as Brazil, Singapore, South Korea, and Taiwan. The United States accounts for more than half of the direct investment by members of the Organization for Economic Cooperation and Development in developing areas.

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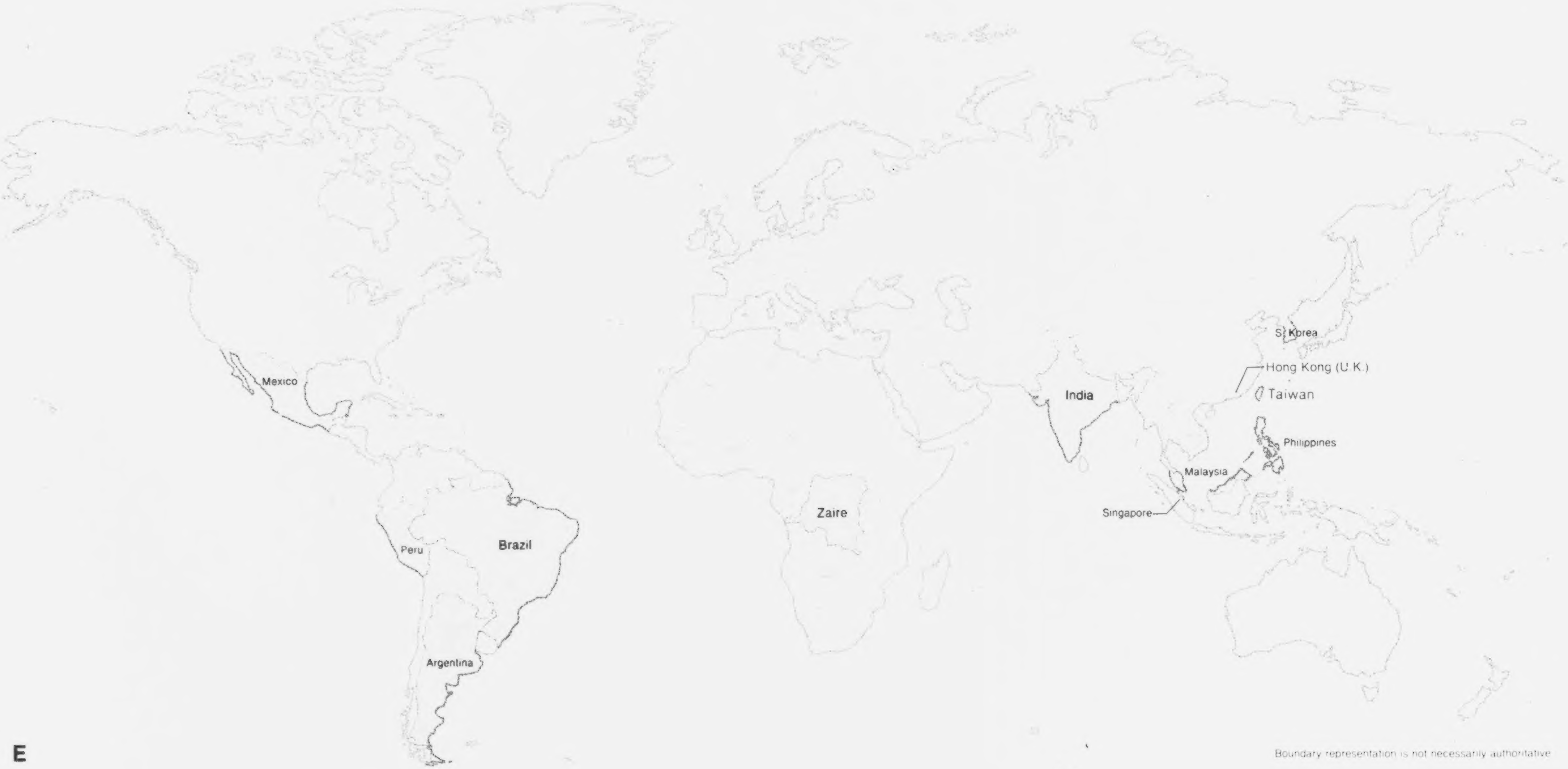
*Excludes oil-producing developing countries and countries that serve as tax havens for foreign capital.



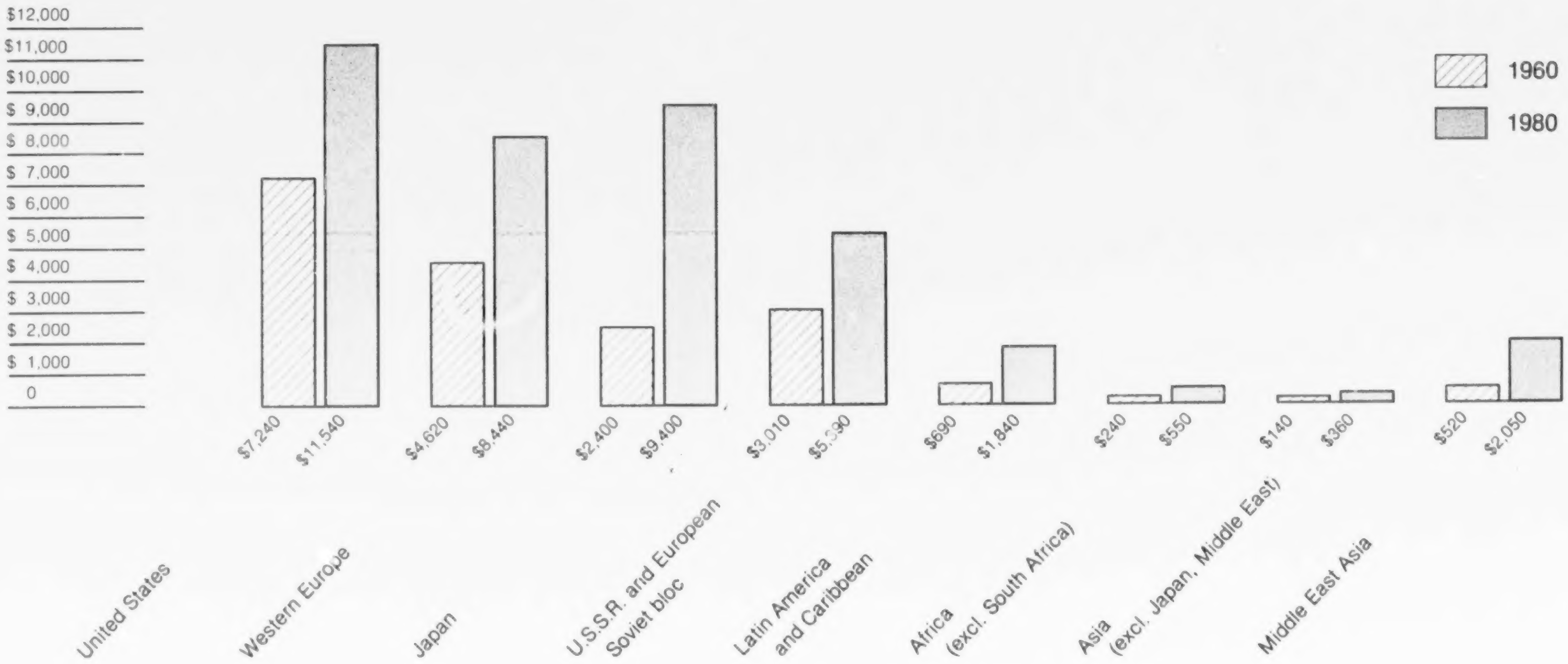
Boundary representation is not necessarily authoritative

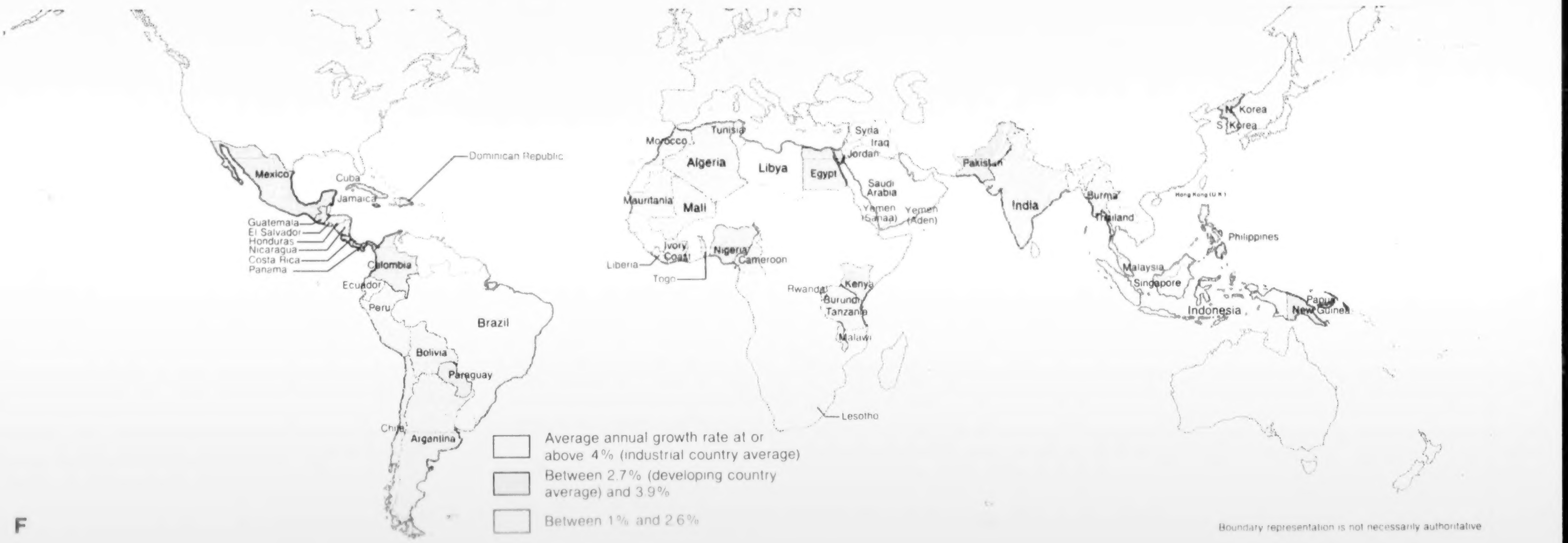
GNP Growth Rate in Developing Countries, 1960–79

General economic growth is indicated by changes in the gross national product (GNP) or per capita GNP. While per capita GNP in developing countries as a group rose between 1960 and 1979, the gains were not equally distributed. Oil-exporting and rapidly industrializing middle-income countries fared much better than most of the others. In the poorest African countries, per capita GNP grew 1.6% a year in the 1960s but only 0.2% in the 1970s.

Source: World Bank, *World Development Report* (1981); other data. No data available for developing countries not included on map.

Regional GNP Per Capita, 1960 and 1980 (constant 1980 $)




Mexico
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Paraguay
Chile
Argentina
Morocco
Tunisia
Algeria
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Egypt
Mauritania
Mali
Liberia
Ivory Coast
Togo
Nigeria
Cameroon
Syria
Iraq
Jordan
Saudi Arabia
Yemen (Sanaa)
Yemen (Aden)
Rwanda
Kenya
Burundi
Tanzania
Malawi
Lesotho
Pakistan
India
Burma
Thailand
Hong Kong (U.K.)
N. Korea
S. Korea
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
☐ Average annual growth rate at or above 4% (industrial country average)
☐ Between 2.7% (developing country average) and 3.9%
☐ Between 1% and 2.6%

Boundary representation is not necessarily authoritative

Japan and the United States: A Durable Relationship

by John H. Holdridge

Speech made before the Japan-America Society of Washington, D.C. on October 28, 1981. Mr. Holdridge is Assistant Secretary for East Asian and Pacific Affairs.

For more than 30 years it has been a fundamental principle of U.S. policy that our most important and enduring interest in Asia is the maintenance of a close, collaborative relationship with Japan. Let me emphasize at the outset that this principle is as basic to our thinking today is it has ever been. This continuing priority of interest rests, of course, both on the positive benefits the relationship brings to the United States and Japan—and the Pacific area—as well as on concern about the perils a noncollaborative relationship would create for the entire region.

Certainly you know that our pursuit of this interest has not always proceeded smoothly and that the relationship frequently has been subject to strains on each side of the Pacific. Both in and out of government, we have accordingly, and naturally enough, tended to focus on problems and irritants. We often have heard warnings that the relationship was frayed at the edges and in imminent hazard of coming further unraveled. This is hardly surprising. It is rare that relations between any two countries are wholly harmonious and stable, and it would be both foolish and dishonest to overlook their negative aspects. Yet, given the changes in government and the course of international developments over the past 30 years, I believe that the steadiness and reasonableness that have characterized American-Japanese relations are a credit to both sides.

Despite the ups and downs, our relationship has steadily matured, tempered by the recurring experience of resolving difficult problems in a mutually satisfactory way. It is that experience which enables us to move ahead in confidence. We obviously cannot take our relations for granted, nor can we discount real, and sometimes serious, differences. But we can expect, if we give proper consideration to Japanese concerns in the pursuit of our national interests, that Japan will do the same for us. There is, I would contend, a solid record of achievement to support such confidence.

We surely ought to realize by now that the U.S.-Japan connection is both sturdy and resilient. It has withstood a great deal of testing, and still it flourishes. The source of strength is obvious, but we often do not pay it sufficient heed. It derives primarily from shared recognition of a congruity of political and economic interests. It also derives from a basic identity of aims, ideals, and values and, in recent years, from growing personal acquaintance and empathy between the two peoples. Japan is the leading Asian member of the democratic industrial community of nations. Like the United States, it seeks international peace, stability, and justice. Like the United States, it both contributes to the economic progress and security of Asia—and increasingly to other regions—and serves as an example of what a practicing democracy, pursuing free enterprise economic principles, can accomplish.

Since this is the first time I have spoken publicly on our Japan relationship, permit me now to share with you a contemporary overview of the state of that relationship.

Cooperation on International Issues

First of all I would point out, in the broad range of international relations, recent Japanese policies and actions have supported or complemented our own on almost all major issues and in almost all geographic areas:

China. When I look back, it is difficult to realize how seriously and how recently the issue of China relations still troubled our relationship—if not at the government level, certainly in terms of public opinion and media commentary. Today, however, we are in close agreement. Having earlier done so itself, Japan welcomed our decision to normalize relations with Beijing—while maintaining strong unofficial trade, investment, and cultural ties with Taiwan. Both Japan and the United States seek to encourage China's pragmatic and moderate approach to international issues. Both wish to assist China in its efforts to achieve sustainable economic growth. It is the first time, probably in a century or more, that our three countries have been so much in accord. This is a circumstance that bodes well for all of East Asia.

Korea. Both the United States and Japan recognize the vital importance of peace and security on the Korean peninsula. Relations between the Republic of Korea and Japan are complicated by their historical experience, but the Japanese have joined with us in continuing efforts to assist in Korea's economic development. Indeed, Japan's contributions in the way of concessional and commercial loans, official development assistance, and direct investment have been significant factors in Korea's rapid development. Recently, Seoul has sought to pursuade Japan to greatly expand its economic assistance, having in mind Korea's contribution to security in northeast Asia. We are confident that Korea's requests will be given serious consideration by Japan and that a resolution will be reached in the spirit of compromise and in recognition of the shared interests of the two countries. However, this is an issue which they must themselves resolve, and we have made it clear that we will not intervene in behalf of either.

U.S.S.R. Japan has attempted to improve its relations with the Soviet Union, recently announcing plans to resume talks at the vice minister level discontinued in 1978. Japan has also sought to avoid being drawn into the Sino-Soviet rivalry. At the same time, it has been resolute in asserting its rightful claim to the Soviet-occupied northern territories. And, while much has been said recently about differing U.S. and Japanese perceptions of the Soviet threat, we both have recognized the destabilizing effect of the Soviet military buildup; we both have condemned the Soviet use of force directly and through surrogates to achieve its end; and we both have taken overt action in response to Soviet aggression in Afghanistan. Indeed, the Japanese response to events in Afghanistan was most resolute: They promptly condemned the Soviet invasion, joined the Olympic boycott, and have actively participated in the imposition of economic sanctions.

ASEAN. From the start, the United States and Japan have worked in parallel to assist the peaceful nations of Southeast Asia which united to form the Association of South East Asian Nations (ASEAN). Japan's relations with the ASEAN countries have continued to be manifested through economic means, including a major contribution to the Indochina refugee relief program. Japan has, however, also begun to play a political and diplomatic role in the area. We both seek to promote the economic well-being and independence of the ASEAN members, and our approaches—for example, ministerial level attendance at ASEAN meetings—reinforce each other. Japan has given firm support to ASEAN's efforts to achieve a peaceful settlement in Kampuchea and has agreed to serve on the ad hoc committee of the international conference on Kampuchea.

Middle East. We are certainly aware of Japan's important interests in the Middle East. Recognition of the importance of that region's stability to Japan's welfare has led Japan to explore, tentatively, independent initiatives in the area. A PLO [Palestine Liberation Organization] office was permitted to open some years ago in Tokyo. More recently, despite reservations we expressed concerning possible adverse implications, Japan agreed to a "private" visit by Arafat. Notwithstanding our differences of approach to the PLO issue, we are in full agreement in support for U.N. Resolution 242 and for the Camp David agreement as the first step toward a comprehensive peace settlement. Japan has also stood by the Egyptian Government during the transition period following President Sadat's assassination.

Europe and Canada. As I indicated earlier, Japan has increasingly come to represent the Asian counterpart of the transatlantic democratic industrial system. And, aware of its community of interest with the Western European countries and Canada on a range of problems—resources, energy, food, environment, and the like—its cooperative relations with these countries collectively have expanded both economically and diplomatically. This phenomenon has been reflected in active participation in the OECD [Organization for Economic Cooperation and Development] and in the regular economic summit meetings— most recently in Ottawa—of the major Western democracies. Similarly Japan has been an active and concerned participant in the United Nations and its specialized agencies. It was in this spirit of growing cooperation with the West that Japan stood with us in our response to the Afghanistan invasion. It was in this spirit that Japan joined in the condemnation of and coordinated response, including the imposition of economic sanction, to the seizure of our embassy in Tehran.

Africa and Latin America. In Africa and Latin America, Japan's interests have been primarily economic, although there have been indications that Japan is striving to establish a broader presence in these areas as well. Japan is interested in assisting African countries on the Indian Ocean littoral, a policy which complements our own strategic efforts there. In April, Japan pledged $33 million for assistance to refugees in Africa. In the Caribbean, Japan also recently embarked on a bilateral aid relationshp with Jamica, extending a $10 million loan to that nation. On the U.S. proposal for a Caribbean Basin initiative, Japan has expressed interest as a donor and participant.

All of this, it seems to me, constitutes evidence of the fact that Japan is moving—albeit prudently—toward the assumption of a political role commensurate with its status as a major power with global responsibilities. Moreover, it is worth noting not only did Japan double its foreign aid between 1976 and 1980, but more and more it has focused its assistance in areas of strategic and political significance such as Pakistan, Turkey, Thailand, and Egypt. For our part, living in today's multipolar world, it is important to be able to count on such a large measure of collaboration. We welcome Japan's emerging role as an increasingly active participant in global issues.

Continuing Consultation

All of this notwithstanding, some critics charge that, despite rhetoric about intensified collaboration between our two countries, in fact, little real consultation takes place. To the extent that we undoubtedly can do better in exchanging views and discussing policy objectives with all of our friends and allies, their assertions have some merit.

But I also believe that their criticism is found wanting in two important respects. On one hand, it takes insufficient account of the fact that there are always going to be decisions and information that no sovereign nation can share with another for a variety of practical bureaucratic, political, and security reasons. On the other hand, within the boundaries of such constraints, it fails to give proper weight to the wide range of consultation that, in fact, does take place between the United States and Japan.

In recent months a succession of meetings have occurred between our leaders in Washington, Tokyo, and other world capitals. The President and Prime Minister Suzuki have met twice; Secretary of State Haig and Foreign Minister Sonoda have talked together nine times; Secretary of Defense Weinberger has conferred with Japanese defense officials as has Deputy Defense Secretary Carlucci; the Secretary of Agriculture and special trade representative have traveled to Japan; and the Secretary of Commerce is there right now. Moreover, there has been a series of subcabinet exchanges and of visits back and forth by members of our Congress and of the Japanese Diet. And in the State Department we have regular specialist consultations with appropriate Japanese counterparts on every major region. Just this autumn we have conducted or scheduled separate exchanges on Asia, the Soviet Union, Western Europe, Latin America, China, the United Nations, and policy planning. Talks on the Middle East and Africa are set for dates later on.

I can assure you that these meetings at all levels are characterized by candid give-and-take and, in aggregate, cover virtually every issue on either our international or bilateral agendas. In short, I believe that the consultative process with Japan is among the most active we maintain with any country.

Security and the Security Treaty

One of the subjects about which we consult most often is that of security. But before touching on some of the steps we have taken to promote our common defense interests, I want to say a few words about the mutual security treaty itself. Members of the Japan-America Society are, of course, familiar with the central place the treaty has occupied in the U.S.-Japan relationship for these many years. It has promoted the direct defense interests of both countries, symbolized Japan's link to the United States and the West, and been a key factor in maintaining regional stability. None of this has changed. While you have heard it before, let me confirm that the U.S. Government is as strongly committed to the maintenance of the mutual security treaty with Japan as it ever has been.

Public discussion of Japanese defense of late has focused almost exclusively on the question of Japanese defense spending. While this is an important issue, preoccupation with it has obscured some of the real progress Japan has made in contributing to our mutual defense interests. For example, long-needed joint planning got underway with the adoption of guidelines for

Cooperative Strategy for Global Growth

President Reagan's address before the World Affairs Council in Philadelphia on October 15, 1981.[1]

I'm grateful for this opportunity to appear before your distinguished group and to share with you our Administration's views on an important upcoming event. I'll be traveling next week [October 22–23] to Cancun, Mexico, to participate in a summit that will bring together leaders of two-thirds of the world's population and the subject of our talks will be the relationships among the developed and the developing nations. And, specifically, I hope we can work together to strengthen the world economy and to promote greater economic growth and prosperity for all our peoples.

U.S. foreign policy proceeds from two important premises: the need to revitalize the U.S. and world economy as a basis for the social and economic progress of our own and other nations and the need to provide adequate defenses to remain strong, safe in a precarious period of world history. In this context, U.S. relations with developing countries play a critical role. These countries are important partners in the world economy and in the quest for world peace.

We understand and are sensitive to the diversity of developing countries. Each is unique in its blend of cultural, historical, economic, and political characteristics. But all aspire to build a brighter future, and they can count on our strong support. We will go to Cancun ready and willing to listen and to learn. We will also take with us sound and constructive ideas designed to help spark a cooperative strategy for global growth to benefit both the developed and developing countries. Such a strategy rests upon three solid pillars.

First, an understanding of the real meaning of development, based on our own historical experience and that of other successful countries;

Second, a demonstrated record of achievement in promoting growth and development throughout the world, both through our bilateral economic relations and through cooperation with our partners in the specialized international institutions such as the World Bank and the International Monetary Fund (IMF); and

Third, practical proposals for cooperative actions in trade, investment, energy, agriculture, and foreign assistance that can contribute to a new era of prosperity and abundance exceeding anything we may dream possible today.

Understanding Development

We very much want a positive development dialogue, but sometimes this dialogue becomes oversimplified and unproductive. For example, some people equate development with commerce, which they unfairly characterize as simple lust for material wealth. Others mistake compassion for development and claim massive transfers of wealth somehow miraculously will produce new wellbeing. And still others confuse development with collectivism, seeing it as a plan to fulfill social, religious, or national goals, no matter what the cost to individuals or historical traditions.

All of these definitions miss the real essence of development. In its most fundamental sense, it has to do with the meaning, aspirations, and worth of every individual. In its ultimate form, development is human fulfillment—an ability by all men and women to realize freely their full potential to go as far as their God-given talents will take them.

We Americans can speak from experience on this subject. When the original settlers arrived here, they faced a wilderness where poverty was their daily lot, danger and starvation their close companions. But through all the dangers, disappointments, and setbacks, they kept their faith. They never stopped believing that with the freedom to try and try again, they could make tomorrow a better day.

> ***. . . development depends upon economic freedom. A mere handful of industrialized countries that have historically coupled personal initiative with economic reward now produce more than one-half the wealth of the world.***

In 1630, John Winthrop predicted that we would be a city upon a hill with the eyes of all people upon us. By 1836, Alexis de Tocqueville was calling America "a land of wonders, in which . . . every change seems an improvement," and what man has not yet done was simply what he hadn't yet attempted to do. And in 1937, Walter Lippmann could draw the lesson that America, for the first time in history, gave men "a way of producing wealth in which the good fortune of others multiplied their own."

Free people build free markets that ignite dynamic development for everyone; and that's the key, but that's not all. Something else helped us create these unparalleled opportunities for growth and personal fulfillment. A strong sense of cooperation; free association among individuals, rooted in institutions of family, church, school, press, and voluntary groups of every kind. Government too played an important role. It helped eradicate slavery and other forms of discrimination. It opened up the frontier through actions like the Homestead Act and rural electrification. And it helped provide a sense of security for those who, through no fault of their own, could not support themselves.

Government and private enterprise complement each other. They have, they can, and they must continue to coexist and cooperate. But we must always ask: Is government working to liberate and empower the individual? Is it creating incentives for people to produce, save, invest, and profit from legitimate risks and honest toil? Is it encouraging all of us to reach for the stars? Or does it seek to compel, command, and coerce people into submission and dependence?

Ask these questions, because no matter where you look today, you will see that development depends upon economic freedom. A mere handful of industrialized countries that have historically coupled personal initiative with economic reward now produce more than one-half the wealth of the world.

The developing countries now growing the fastest in Asia, Africa, and Latin America are the very ones providing more economic freedom for their people—freedom to choose, to own property, to work at a job of their choice, and to invest in a dream for the future.

Perhaps the best proof that development and economic freedom go hand-in-hand can be found in a country which denies freedom to its people—the Soviet Union. For the record, the Soviets will not attend the conference at Cancun. They simply wash their hands of any responsibility, insisting all the economic problems of the world result from capitalism and all the solutions lie with socialism.

The real reason they're not coming is they have nothing to offer. In fact, we have just one question for them: Who's feeding whom? I can hardly remember a year when Soviet harvests have not been blamed on "bad weather." And I've seen a lot of harvest seasons, as the press keeps reminding me [laughter, applause]. They've had quite a long losing streak for a government which still insists the tides of history are running in its favor.

The Soviets, of course, can rely on farmers from America and other nations to keep their people fed. But ironically they have a reliable source of nourishment right in their own country—the 3% of all cultivated land that farmers in the Soviet Union are allowed to farm on their own and market. Those who farm that 3% of land produce nearly 30% of the meat, milk, and vegetables in Russia; 33% of the eggs; and 61% of the potatoes.

Now, that's why this isn't a question of East versus West, of the United States versus the Soviet Union. It's a question of freedom versus compulsion, of what works versus what doesn't work, of sense versus nonsense. And that's why we say: Trust the people, trust their intelligence, and trust their faith, because putting people first is the secret of economic success everywhere in the world.

U.S. and International Records of Achievement

Now I want to talk about the second part of our message at Cancun: Our record—and that of the international economic system itself—is helping developing countries generate new growth and prosperity.

U.S. Development Record. Here again it's time to speak out with candor. To listen to some shrill voices, you'd think our policies were as stingy as your Philadelphia Eagles' defense [laughter]. There is a propaganda campaign in wide circulation that would have the world believe that capitalist United States is the cause of world hunger and poverty.

And yet each year, the United States provides more food assistance to developing nations than all the other nations combined. Last year, we extended almost twice as much official development assistance as any other nation. The spirit of voluntary giving is a wonderful tradition that flows like a deep, mighty river through the history of our nation. When Americans see people in other lands suffering in poverty and starvation, they don't wait for government to tell them what to do. They sit down and give and get involved; they save lives. And that's one reason we know America is such a special country.

All that is just one side of the coin. The other, only rarely acknowledged, is the enormous contribution we make through the open, growing markets of our own country. The United States buys approximately one-half of all the manufactured goods that non-OPEC developing countries export to the industrialized world, even though our market is only one-third of the size of the total industrialized world. Last year, these same developing countries earned twice as much from exports to the United States than they received in aid from all countries combined. And, in the last 2 years alone, they earned more from exports to the United States than the entire developing world has received from the World Bank in the last 36 years.

Even as we work to strengthen the World Bank and other international institutions, let us recognize then the enormous contribution of American trade to development. The barriers to trade in our markets are among the lowest in the world. The United States maintains few restrictions on our customs procedures and they are very predictable. In 1980, 51% of our imports from developing countries entered this country duty free. American capital markets also are more accessible to the developing countries than capital markets anywhere else in the world.

> ***There is a propaganda campaign . . . that would have the world believe that capitalist United States is the cause of world hunger and poverty . . . yet each year, the United States provides more food assistance to developing nations than all the other nations combined.***

From all this two conclusions should be clear: Far from lagging behind and refusing to do our part, the United States is leading the way in helping to better the lives of citizens in developing countries. And a major way that we can do that job best, the way we can provide the most opportunity for even the poorest of nations, is to follow through with our own economic recovery program to insure strong, sustained noninflationary growth. That's just what we're determined to do.

Every 1% reduction in our interest rates due to lower inflation improves the balance of payments of developing countries by $1 billion. By getting our own economic house in order, we win, they win, we all win.

International Achievements. Now just as there is need for a clearer focus on the real meaning of development and our own development record, there's a similar need to be clear about the international economic system. Some argue that the system has failed; others that it's unrepresentative and unfair; still others say it is static and unchanging. And then a few insist that it's so sound it needs no improvement. Well, we need a better understanding than that.

As I recalled recently before the annual meeting of the World Bank and the International Monetary Fund, the postwar international economic system was created on the belief that the key to national development and human progress is individual freedom—both political and economic. This system provided only generalized rules in order to maintain maximum flexibility and opportunity for individual enterprise and an open international trading and financial system.

The General Agreement on Tariffs and Trade (GATT), the World Bank, the International Monetary Fund represent free associations of independent countries which accept both the freedom and discipline of a competitive economic system. Let's look at the record of international growth and development under their auspices.

- From 1950 to 1980, gross national product per capita in 60 middle-income countries increased twice as fast as in the industrial countries when real purchasing power is taken into account.
- In 1951 to 1979, industry and manufacturing in developing countries also expanded at a faster rate than their counterparts in the industrial countries.
- Since 1960, export volume for the developing countries, excluding OPEC,

The Alliance and Arms Control

Taken together, these programs strengthen the alliance and insure its vitality. By strengthening the bridge between theater and strategic forces and linking the defense of our homeland with that of our allies, they provide tangible proof that we consider European security to be indistinguishable from our own. As such, the strategic force modernization program is the perfect complement of our plans to deploy LRTNF systems in Europe and will increase allied support for that vital program.

The allies share our view that any real prospects for arms control can come only from a position of strength. They—like we—understand that implementation of the TNF modernization program is an indispensable part of our effort to achieve a successful outcome of the TNF negotiations with the Soviets which begin later this month in Geneva.

As you know, our objective in those negotiations is a verifiable agreement that would achieve significant reductions on both sides, leading to equal ceilings at the lowest possible levels—levels which, ideally, could be zero.

In formulating the proposals we will present to the Soviets on November 30, we have engaged in a consultation process with our allies of unprecedented intensity. While these will be difficult negotiations, there should be no doubt that we will enter these talks with the united backing of our allies and with shared determination to reach an equitable outcome.

As in upcoming TNF talks, we have little hope of making any headway in strategic arms control unless we begin to take the steps needed to restore our deterrent capability. We intend to maintain the strategic arms control process but to seek agreements from a secure and confident military position.

Moscow's strategic buildup has put our crucial land-based missiles and bombers at risk. Only a strong and balanced program of strategic force modernization will provide sufficient incentive for the Soviets to negotiate meaningful agreements. The B-1, for example, will insure that the triad retains the unique and important military characteristics of the bomber—a traditional U.S. advantage—and should increase Soviet willingness to negotiate seriously. Likewise, deployment of MX will break the Soviet monopoly on large, accurate missiles and may, for the first time, give them incentive to negotiate real reductions in their ICBM force. More than any other elements of the plan, B-1 and MX—and the degree of Congress' support for them—will make or break our attempt to negotiate a reasonable arms control agreement.

If we fail to adopt the President's program, however, we will have dimmed our hopes of reaching an arms control agreement on strategic forces. It is as indispensable to the success of our efforts at strategic arms control as TNF modernization is to the success of the talks beginning in Geneva. This plan will give us the base from which to enter into strategic arms negotiations which, if successful, can help maintain a stable strategic balance and a stable peace.

Conversely, if critics succeed in pecking and nibbling at this or that detail of the program rather than treating it as a coherent whole, the credibility of our commitment to meet the Soviet challenge will be undermined, and the prospects for meaningful strategic arms limitations will be jeopardized.

We have made good progress in addressing the complex questions that must be answered before we reopen strategic arms talks with Moscow. The Reagan Administration is analyzing—as it must—a diversity of options and alternatives in formulating our negotiating approach, ranging from relatively straightforward modifications to the SALT II Treaty to completely new approaches to limit Soviet strategic power.

As you know, while this review has been underway, our policy has been not to undercut existing agreements so long as the Soviets exercise the same restraint. This environment of mutual restraint has provided a good basis for our preparations to resume talks with the Soviets to limit strategic arms.

We now hope that negotiations could begin as early as next spring. But, as I have said before, arms control negotiations cannot be conducted in a political vacuum. They must be closely related to the overall state of U.S.-Soviet relations. This is not a policy of mechanistic linkage but a simple political fact of life.

Conclusion

The President's program of strategic force modernization reaffirms the most basic tenets of long-time U.S. policies regarding nuclear weapons while correcting the programmatic shortcomings of the past. It recognizes the strategic environment as it is, not as we would wish it to be. It builds a foundation which will allow us to negotiate changes to improve that environment and increase the prospects for peace and stability.

I have been involved in strategic force modernization issues for more than 20 years. This is the first time I have seen a President presented with such a coherent and comprehensive approach to force modernization and deterrence. And it is certainly the first time I have seen a President take decisions that modernize all elements of the strategic triad and its supporting infrastructure at one time.

This is an integrated, pragmatic, achievable, and far-reaching program. It is the solid, essential basis for the achievement of our foreign policy and arms control objectives over the coming years.

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[1] Press release 369. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Secretary Interviewed for *Newsweek*

Secretary Haig was interviewed by John Walcott and Melvin Elfin of Newsweek *magazine on October 29, 1981.*[1]

Q. Can we take a look at where the Administration has come in these 9 months since it took over foreign policy and where there remain problems that need to be addressed in a more forthright manner, or whatever? I guess what we'd like to hear is your own tour d'horizon before we get into specifics.

A. I think this whole issue has had a somewhat higher prominence than it should have had. That is not to belittle the fact that it acquired that prominence and that significance, and, therefore, it is an important issue. But in the historic flow of our international problems it doesn't represent that significant an event.

If you look back over the last 10 months, the President has been at two summits, one of which was unique in character, the other of which was a meeting engagement which had many, many complex overtones—the seven in Ottawa. In both, he came out with a greatly enhanced prestige among the participants, and both can be assessed as important successes for the present.

We sit today with a better relationship with our northern and southern neighbors than has existed for an extended period of time. That was one of the President's early priorities: he has a unique and warm relationship with both [Canadian Prime Minister] Trudeau and [Mexican President] Lopez Portillo. In both instances, there were fences to be mended. And this has occurred in a period when the economic situation, both in Canada and in Mexico, could have been anticipated to aggravate the situation.

With respect to Europe, let's talk East-West first. It's true that we have taken a far more vigorous stand on the Soviet Union. After all, I think that's why the President is in the White House—one of the main things the American people expected of him. In that context, we have gone ahead with substantial increases in our defense spending. As an underpinning to the seriousness with which he faces this problem, we have had a number of talks at the ambassadorial level—myself and Dobrynin—and we have clarified very well the issues of importance from the American point of view. I think we've pinpointed the issues of importance from the Soviet point of view.

I had 9½ hours alone with Mr. Gromyko [Soviet Foreign Minister Andrei Gromyko] in New York, in two sessions. It is clear that these talks were frank and productive as what I call exchanges between the two powers which were devoid of rhetoric and polemics but down to substantive content. The readout we've had subsequently is that the Soviets share our view that these were good discussions in the context of laying out the concerns of both sides.

Nothing was rejected from the agenda, and what I call polemics and posturing were not a part of this exchange. We have agreed to go ahead with the TNF [theater nuclear forces] talks on the 30th of November, and we agreed mutually to meet again to carry this out. At this coming meeting, I would anticipate that they have a very good feel for the main regional issues that concern us, and we have a good feel for those that concern them. There is no reason to expect that the situation will not continue to move in a positive direction.

The President has conducted a running correspondence with Mr. Brezhnev, which has been at a high level—and when I say "a high level," I mean, again, devoid of polemic and accusations but, rather, substantive and sincere in character. The responses have been the same and increasingly so—two major exchanges in that regard.

Q. When was the most recent one?

A. Just before the U.N. General Assembly; and I referred to it in my speech at the U.N. General Assembly.

At the U.N. General Assembly, the United States intervention was well received. For the first time, the United States was applauded for an extended period, and the American Secretary of State was greeted by Third World and developing world leaders with an unusual degree of enthusiasm. The same could not be said for the intervention of the Soviet Foreign Minister.

Q. I just wanted to ask in this general tone on U.S. foreign policy, does the United States have the psychological, financial, military, and spiritual resources to conduct an extended aggressive foreign policy around the world?

A. I have fundamental confidence that we do. I think it's not the same as it might have been at the end of the Second World War, where our resource levels and our perception of our own leadership responsibilities and effectiveness had an historic high. That that continues to exist, no, I don't think so.

On the other hand, I think of the experiences of the 1970s—Vietnam, and most particularly the post-detente disappointments, the sense of humiliation the Americans everywhere felt about our lack of effective leadership abroad that has generated a new sense of purpose in the American people, certainly not at the level of the historic post-World War II high—and I wouldn't want to see it, there, because those days are gone in terms of relative assets with which to affect it. But I do think Americans from now on recognize that history continues to place a heavy responsibility on the United States of America to lead the Western world and those who share our values.

In many respects, the task, while more complex, is not overwhelmingly awesome either, because there are beginning to appear serious problems within the Eastern side. And they have been through a period of extensive interventionist activity in Africa, the Middle East, Southeast Asia, Afghanistan, for all of which they have paid a price; I don't mean as an unmanageable price in practical terms, but I mean a political, psychological price.

We see what is going on in Europe—the economic crisis in the Soviet Union and the frustrations of the public sector, on the consumer side, are increasing. And they are facing an inevitable transition of leadership.

All of this suggests our larder is not devoid of fundamental assets with which we can manage a new relationship with the Soviet Union that is based on greater reciprocity and which will elicit greater restraint in Soviet worldwide activity. I remain very optimistic that this is not only possible but is in the interest of both superpowers. It remains to be seen whether or not we are going to succumb to atmospherics or whether we are going to build this relationship on a solid bedrock of some enduring character.

The worst thing we can do would be to precipitously rush into what is clearly a receptive Soviet posture without building that bedrock of understanding, and that's what we have been in the process of doing for 10 months—the President's communications, my discussions, and the meetings with Gromyko and those that follow.

Q. Why do you think they are receptive?

A. I think they are receptive for the very reasons I have outlined. They need American economic help; they need American technology; they need American food and credits; and they need that from the West at large. They recognize that they have become increasingly estranged from the developing world, which they championed for an extensive period with great success and without great cost.

Q. Your ambassador to the Madrid conference on the Helsinki review said last week that the resumption of the sale of grain could be taken as confusing the Soviets as far as our attitude is concerned. Do you think it was wise, looking back on it now, to resume the sales on a unilateral basis without getting something in return?

A. I think the issue itself should not be overestimated. We were in a position in which our failure to change our posture would not only have caused grievous problems here at home but would have put us in an increasingly fulfill the important nonproliferation goal of insuring comprehensive IAEA safeguards on the nuclear programs of all Latin American nations.

I have mentioned the benefits of the treaty as an alternative method of achieving the objectives of the NPT within the region. I would also like to note some additional features of arms control significance unique to this regional initiative.

First, it prohibits the testing of nuclear weapons in the territories of the parties within the zone. Argentina, Barbados, Colombia, Grenada, Guyana, Haiti, Jamaica, Paraguay, and Suriname are not parties to the Limited Test Ban Treaty; the treaty of Tlatelolco offers a way to fill this gap. In fact, it goes beyond the Limited Test Ban Treaty by prohibiting even underground testing in Latin America.

Second, the treaty goes beyond the NPT by prohibiting the receipt, storage, installation, or deployment of nuclear weapons in the territory of treaty parties or in the territories covered under Protocol I. Thus, the treaty would oblige any party to the treaty to refuse to allow any outside nation to install, store, or deploy nuclear weapons within the territories of that state.

Third, in terms of verification, the treaty not only requires IAEA safeguards agreements but establishes a regional control organization—OPANAL [Organization for Prohibiting Nuclear Arms in Latin America]—with the right to obtain information from the treaty parties concerning their nuclear activities and to conduct special inspections in the territory of a party.

The treaty of Tlatelolco is also very important in terms of U.S. national security interests. The treaty and its additional protocols prohibit the manufacture, development, deployment, or stationing of nuclear weapons by any country within the region, as well as any such action by the nuclear-weapons states or any state with responsibility for territories within the zone. As you know, the negotiating history of the treaty makes it clear that transit and transport rights of noncontracting parties, such as the United States, will not be affected by the provisions of the treaty or its protocols. This fact is reflected in the U.S. statement which accompanied our ratification of Protocol II in 1971.

The treaty of Tlatelolco is dedicated to preventing the spread of nuclear weapons and provides a means to enhance regional security. It is a far-sighted effort on the part of Latin American nations and is a major contribution to international security and nonproliferation goals. A peaceful and secure world is possible only when nations can work together to create a more stable environment. Tlatelolco is an outstanding example of a major step toward that goal and serves as a potential model for the establishment of similar agreements in other regions of the world. We are now actively studying the possibilities of encouraging the Egyptian initiative for a nuclear-weapons-free-zone in the Middle East. Our preliminary explorations of the subject indicate that the idea has promise as an important countermeasure against proliferation tendencies.

Our ratification will complete formal U.S. participation in the treaty regime and will promote hemispheric solidarity and good relations with our Latin American neighbors and will provide significant benefits for national security and nonproliferation objectives. I recommend that the Senate take prompt and favorable action on Protocol I of the treaty of Tlatelolco, in recognition of this important regional arms control initiative and for the important benefits it represents to the United States.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S.-Canada Relations

by Lawrence S. Eagleburger

Address before the Center for Inter-American Relations in New York City on October 1, 1981. Ambassador Eagleburger is Assistant Secretary for European Affairs.

Since the United States and Canada appear to be at one of those watersheds which we reach from time to time in our relationship, I particularly appreciate the opportunity to speak to you today. I can only hope that what I have to say will serve to improve the quality of our dialogue, rather than the opposite. That, at least, is my intention, for how we manage to live together on this continent is too important, for both of us, to become hostage to the vagaries of special interests or the enthusiasms of headlines.

The conventional symbol of the uniqueness of the U.S.-Canada relationship is our 5,500 miles of open, undefended border. Yet that border was far from peaceful in the early years. The conversion of the U.S.-Canada border to a peaceful and unguarded frontier began with an international negotiation, a constructive act of statesmanship, the Rush-bagot Agreement of 1817. That agreement provided for disarmament on the Great Lakes and set an example that led to disarmament on land as well. It proved the means to overcome hostility and set the American and Canadian peoples upon the path of peaceful resolution of their disputes.

Since 1817 the American and Canadian people have built their relationship on the foundation of constructive diplomacy and statesmanship laid out by the Rush-Bagot Agreement. I do not mean to suggest that we no longer have problems. Indeed, the newspapers have been overly full lately of accounts of differences with Canada. You have heard some of them ventilated at this conference. But can anyone really believe that two such vibrant societies as ours could possibly live in such close proximity, with so many contacts and so much business, without inevitably facing tough and sometimes intractable problems? What is unique about our relationship is not the number or quality of our differences but rather the habit we have developed of handling them with real maturity.

In creating this tradition, the United States and Canada have learned to resolve peacefully even the most contentious issues. Indeed, much of the U.S.-Canada border was established through a process of negotiation or arbitration. This was possible only because both sides were willing to work hard to find mechanisms and seek solutions that were mutually acceptable—142 years and 22 treaties or other agreements were required to define and demarcate the land border between our two countries.

Today, the United States and Canada are following this same pattern in seeking to delineate offshore boundaries. The United States has ratified the east coast boundary treaty which provides for submitting the disputed boundary in the Gulf of Maine to international arbitration. We hope for early Canadian ratification. We would also like to reach agreement with Canada on a means of settling the disputed offshore boundaries on the west coast and off Alaska and the Yukon.

The great significance of the settlement of these frontier disputes is that the United States and Canada, as Adlai Stevenson once observed, "have long since given up the idea of using force and have accepted in our relations with one another, the rule of law, of mediation, of peaceful adjustment." But accepting these high principles in theory is not enough. We must work continually to implement them.

This, indeed, is my principal theme today: that improving U.S.-Canada relations, or even maintaining them at a satisfactory level, requires a conscious and sustained effort on both sides and at many levels. It requires, first of all, an effort to understand each other better. It also requires that each country formulate its domestic policies with due regard to possible significant adverse impacts on the other. And most of all, it requires that we be able to talk—and listen—to each other as we lay out our concerns.

The alternative is to risk establishing a pattern of action and reaction—whether in our newspapers or our parliaments—that would, in time, be massively painful to all of us. We have, for example, a responsibility to our people, on both sides, to avoid overreactions which could have negative consequences not only for the United States and Canada but potentially for the free international trade and investment environment on which both countries ultimately depend.

In the United States, the will toward closer and more fruitful relations with Canada begins at the highest levels of our government. President Reagan has often spoken of his special desire for closer relations among the countries of North America. As a symbol of his desire for closer ties with Canada, he made his first trip abroad as president to Ottawa. We, on the U.S. side, must be prepared to make the sustained efforts in all areas of U.S.-Canada relations that are required to further the effort President Reagan has personally begun.

Yet, I must admit that Americans do not always make as strong an effort as we should to understand our Canadian neighbors and the ways their perceptions differ from our own. We do not always appreciate the difficulties caused for Canada by the great disparity in the size of our two countries. We think of ourselves as a friendly giant, as indeed we are. But, as Prime Minister Trudeau has pointed out, when a mouse is in bed with an elephant, however well intentioned the elephant, the mouse must be conscious of the elephant's every twitch. While this image neglects cases in which the mouse may be biting the elephant, it conveys something of the feeling that Canadians have about the relationship and suggests why it is important always to bear in mind the effects of our actions on our neighbors. We must do better in that regard than we have in the past.

Another important Canadian perception that is not always well understood or appreciated by Americans is the general feeling of unease that many Canadians have about the high degree of foreign ownership of Canadian industry. Fifty-five percent of Canadian manufacturing is foreign controlled, and in certain economic sectors the figure is higher—68% in petroleum and natural gas and 76% in transportation equipment, for example. We may feel that unease about this phenomenon is unwarranted. We know that the free flow of foreign investment is a key factor in development—in creating jobs and increasing national income.

We also know that, in the modern world, most multinational corporations go to great lengths to insure that their operations fully recognize goals and objectives of the host countries where they operate and contribute to those goals. But we must also remember that every country has the sovereign right to

Canada—A Profile

Geography

Area: 3.8 million sq. mi. (second largest country in the world). **Capital**: Ottawa (pop. 695,000). **Other Cities**: Toronto (2.8 million), Montreal (2.8 million), Vancouver (1.1 million).

People

Population: 23.9 million (1980). **Ethnic Groups**: British (45%), French (29%), other European (23%), indigenous Indian and Eskimo (1.5%). **Religions**: Roman Catholic (46%), United Church (18%), Anglican (12%). **Languages**: English, French. **Literacy**: 99%.

Government

Type: Confederation with parliamentary democracy. **Independence:** July 1, 1867. **Constitution**: British North American Act of 1867 and unwritten custom. **Branches:** *Executive*—British monarch (Chief of State represented by Governor General), Prime Minister (Head of Government), Cabinet. *Legislative*— bicameral Parliament (104-member Senate, 282-member House of Commons). *Judicial*—Supreme Court. **Political Parties:** Liberal, Progressive Conservative, New Democratic Social Credit. **Suffrage:** Universal over 18. **Administrative Divisions:** 10 Provinces, 2 Territories.

Economy

GNP (1980): $245.8 billion. **Annual Growth Rate (1980):** 0.1%. **Per Capita Income (1980 est.):** $10,296. **Natural Resources:** Metals and minerals, fish, forests, wildlife. **Agriculture:** Wheat, livestock and meat, feedgrains, oilseeds, dairy products, tobacco, fruits, vegetables. **Industries:** Motor vehicles and parts, fish and forest products, petroleum and natural gas, processed and unprocessed minerals. **Trade (1980):** *Exports*—$64.7 billion: motor vehicles and parts, lumber, woodpulp and newsprint, crude and fabricated metals, natural gas, crude petroleum, wheat. *Partners (1979)*—U.S. (67.9%), EC (11.1%), Japan (6.3%), Latin America (4.5%). *Imports*—$57.9 billion: motor vehicles and parts, industrial machinery, crude petroleum, chemicals, agricultural machinery. *Partners (1979)*—U.S. (72.4%), EC (8.9%), Japan (3.4%), Latin America (4.7%). **Official Exchange Rate (floating):** C$1.00 = US$0.855 (avg. 1980). **Development Assistance (FY 1980–81):** $1.05 billion, or 0.43% of GNP.

Membership in International Organizations

U.N., NATO, OECD, Commonwealth of Nations, Agency for Cultural and Technical Cooperation, International Energy Agency, INTELSAT.

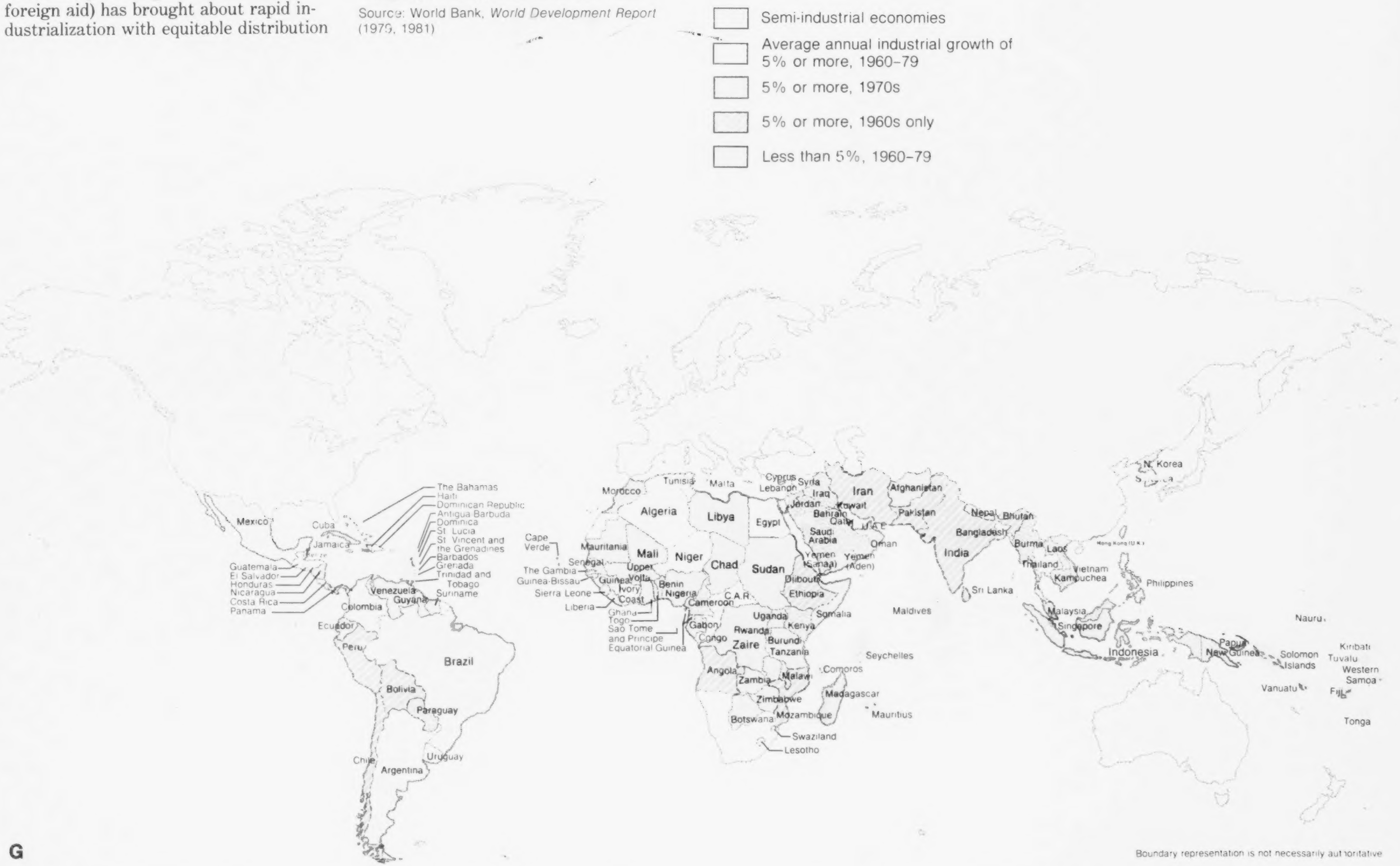
Principal Government Officials

Canada: Chief of State—Queen Elizabeth II; Governor General—Edward Schreyer; Prime Minister—Pierre-Elliott Trudeau; Secretary of State for External Affairs—Mark MacGuigan; Ambassador to the U.S.—Peter M. Towe. **United States:** Ambassador to Canada—Paul Robinson, Jr. ■

Third World Industrial Development

Early development planning stressed industrial growth as the means to create a modern society and raise the standard of living. In most developing economies, the percentage of gross national product generated by industry has increased since 1960. And in some a combination of factors (including skillful use of foreign aid) has brought about rapid industrialization with equitable distribution of incomes. The category of semi-industrial economies used on this map is based on a list of successful industrializers developed by the World Bank. This category includes Argentina, Brazil, Colombia, Egypt, Hong Kong, Mexico, Singapore, South Korea, Uruguay, Philippines, and Taiwan.

Source: World Bank, *World Development Report* (1979, 1981)



Semi-industrial economies
Average annual industrial growth of 5% or more, 1960–79
5% or more, 1970s
5% or more, 1960s only
Less than 5%, 1960–79
Mexico
Cuba
Jamaica
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
The Bahamas
Haiti
Dominican Republic
Antigua Barbuda
Dominica
St. Lucia
St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Suriname
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Cape Verde
The Gambia
Guinea-Bissau
Sierra Leone
Liberia
Senegal
Mauritania
Guinea
Ivory Coast
Ghana
Togo
Sao Tome and Principe
Equatorial Guinea
Morocco
Algeria
Mali
Upper Volta
Niger
Benin
Nigeria
Tunisia
Malta
Libya
Chad
Cameroon
C.A.R.
Gabon
Congo
Zaire
Angola
Zambia
Botswana
Swaziland
Lesotho
Egypt
Sudan
Ethiopia
Djibouti
Somalia
Uganda
Rwanda
Burundi
Kenya
Tanzania
Malawi
Zimbabwe
Mozambique
Madagascar
Comoros
Seychelles
Mauritius
Cyprus
Lebanon
Syria
Jordan
Iraq
Iran
Kuwait
Bahrain
Qatar
U.A.E.
Saudi Arabia
Yemen (Sanaa)
Yemen (Aden)
Oman
Afghanistan
Pakistan
Nepal
Bhutan
Bangladesh
India
Sri Lanka
Maldives
Burma
Laos
Thailand
Vietnam
Kampuchea
Hong Kong (U.K.)
Philippines
Malaysia
Singapore
Indonesia
N. Korea
Papua New Guinea
Solomon Islands
Nauru
Kiribati
Tuvalu
Western Samoa
Vanuatu
Fiji
Tonga

Boundary representation is not necessarily authoritative

G

Third World Agricultural Development in the 1970s

Agricultural and industrial development are intimately related. A productive agricultural sector usually affords better nutrition and also may reduce food imports, provide export earnings, and enlarge the market for domestic industries.

In the 1960s, many developing economies experienced a great surge in food production known as the green revolution. This resulted from the use of high-yielding seeds (most developed by American experts), greater use of fertilizer, and better farm practices. In Thailand, Malaysia, and the Ivory Coast, improved and diversified farming helped finance industrial expansion. And in Singapore, South Korea, and Taiwan the establishment of efficient agricultural sectors preceded rapid industrialization.

Some economies made continued progress in the 1970s. India, the world's second most populous country, has become virtually self-sufficient in foodgrains, although it only had a modest agricultural growth rate before 1977. But the 2.8% average annual rate of food production in developing areas has fallen short of the U.N. goal of 4%, and in 58 economies food production has not kept pace with population growth. Hence the current effort to improve international food aid and encourage Third World countries to develop their agricultural potential.

The United States is the leading contributor of international food aid. Concessional sales and gifts of U.S. agricultural commodities have been possible under PL 480 since 1954. Title III, passed in 1977, provides incentives to poor developing countries to increase food production and raise rural standards of living. The United States contributes more than one-half of supplies distributed by international food aid programs.

Source: FAO, *The State of Food and Agriculture* (1970, 1978); *Production Yearbook* (1971, 1978); World Bank, *World Development Report* (1979, 1981). Calculations based on data for 1970–77. No data is available for developing countries not included on map.

☐ Growth at or above 4% U.N. goal for developing economies in the 1970s

☐ Growth above 2.8% average achieved in the 1970s

☐ Below average growth

☐ Negative growth

Mexico
Cuba
Jamaica
The Bahamas
Haiti
Dominican Republic
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Barbados
Trinidad and Tobago
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Morocco
Tunisia
Algeria
Libya
Egypt
Mauritania
Mali
Niger
Chad
Sudan
Senegal
The Gambia
Upper Volta
Guinea
Ivory Coast
Sierra Leone
Liberia
Ghana
Togo
Benin
Nigeria
Cameroon
C.A.R.
Gabon
Congo
Zaire
Rwanda
Burundi
Uganda
Kenya
Ethiopia
Somalia
Tanzania
Angola
Zambia
Malawi
Zimbabwe
Botswana
Mozambique
Swaziland
Lesotho
Madagascar
Mauritius
Lebanon
Syria
Iraq
Jordan
Iran
Yemen (Sanaa)
Yemen (Aden)
Afghanistan
Pakistan
India
Sri Lanka
Bangladesh
Bhutan
Burma
Laos
Thailand
Vietnam
Kampuchea
Hong Kong (U.K.)
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
N. Korea
S. Korea
Western Samoa
Fiji
Boundary representation is not necessarily authoritative

U.S.-Japan defense cooperation in 1978. Since that time, regular discussions have been held on how best to meet various contingencies through cooperation in such essential areas as logistics, communications, command-and-control, and intelligence. There have also been a concomitant series of joint naval, air, and ground exercises between U.S. and Japanese forces.

Another area that merits mention is the extent to which the Japanese Government contributes to the presence of U.S. forces in Japan. This effort has grown over the years and now comes to about $1 billion annually. In 1977, Japan agreed to share labor costs for our bases and in 1978 expanded that share. At the same time, Japan has done more and more to replace our aging facilities there. Nor can we overlook Japan's long-term program of modernization for its self-defense forces, a program entailing major purchases of sophisticated U.S. systems. We have also begun to move toward a greater degree of cooperation in the development of defense-related technology, an approach that should become increasingly important over the next several years. In all these areas, progress has thus been substantial and gratifying.

Nevertheless, we continue to believe that Japan can and should do more. While it is true that we are not fully satisified with Japan's present level of defense expenditures, our ongoing security dialogue with the Japanese does not dwell on specific amounts and percentages but more properly is focused on such fundamental questions as our respective roles and missions. Certainly, the Japanese are willing to do more to share our common security burden. Prime Minister Suzuki's support for heightened defense effort in his joint communique with President Reagan last spring was but one manifestation of that will. I also recall his remarks before the National Press Club in Washington that Japan was willing to assume the responsibility for defense of the home islands out to a distance of 1,000 nautical miles.

We see urgent needs, especially in protection of Japanese territory and vital sealanes through stronger capabilities in antisubmarine warfare and air defense as well as improved combat readiness. Still, we respect the obvious fact that the final decisions are up to the Japanese, just as the U.S. defense budget is a product of our own decisions. We are also certainly cognizant of constitutional and policy constraints with which the Japanese Government must deal. We have no intention of calling them into question, nor will we disregard the sensitivities of Japan's neighbors in the Asia/Pacific region.

I am confident that we will continue to solidify a close defense relationship. In so doing, we will continue to utilize the many channels for consultation that we possess, ranging from exchanges at the level of the Secretaries of State and Defense to the semiweekly meetings of the joint committee charged with managing our relations under the status-of-forces agreement. Defense-ralated incidents such as the tragic sinking of the Nissho Maru may occur, but with good will on both sides we should be able to manage them in a way which prevents damage to our mutual security interests.

The Economic Front

As members of this society are well aware, the U.S. and Japanese economies are intertwined to a degree never before experienced in international trade. With well over $60 billion in total bilateral trade likely this year, this relationship constitutes our largest single overseas trading relationship. Over time we have dealt successfullly with a range of specific trade issues that have emerged from that relationship, including textiles, steel, color television, and automobiles. But on both sides we are alert to the possibility that other such issues might arise again, and concert to devise ways of avoiding them or ameliorating their impact.

This year will see a record U.S. deficit with Japan with estimates as high as $15 billion. Measured against total trade, the amount seems a bit less overwhelming, perhaps, but it is still a formidable sum.

In contrast to recent similar periods, however, there are no specific issues on which attention is focused right now. Our recent discussions, consequently, have centered on more general ways of expanding our markets in Japan, such as removal of nontariff barriers, changes in Japanese consumption habits, and ways in which we can work together to overcome reluctance of Japanese manufacturers to change traditional procurement practices.

At the same time, we are addressing U.S. structural factors influencing our own competitive position. The Administration has established programs encouraging capital investment, productivity improvements, and so on. In Japan, Minister of International Trade and Industry Tanaka earlier this year encouraged Japanese producers to increase imports of manufactured goods. These policies and actions all will take time, however, to show results. There are no quick fixes.

In the Japanese view, some U.S. policies, tight money especially, have made the situation more difficult. These policies, they say, have helped hold down the value of the yen, making Japanese goods even more attractive and U.S. goods less competitive, as well as encouraging capital to flow to the United States.

In grappling with these issues, the United States continues to persist in its dedication to free trade, in its resistance to protectionist pressures, and in its emphasis that ultimately it is the global balance which is critical. We also give credit to the substantial progress made so far. Japan's performance in GATT [General Agreement on Tariffs and Trade] has been impressive, and there has been considerable progress in opening Japanese markets to such products as beef, citrus, and tobacco. We shall continue to pursue our ultimate objectives of full liberalization. The opening of NTT (Japan's telephone and telegraph corporation) procurement to foreign bidders deserves special mention. And it appears, we have reached a forward-looking agreement on semiconductors.

Nevertheless, there is no ground for complacency. The fact remains that U.S. markets are entered easily, and the perception persists that Japanese markets are closed. There are, in fact, still some real barriers in the form of remaining quotas, in the application of standards, and so on.

We know that manufacturing, distribution, and consumption are based on complex and traditional practices and relationships. We assuredly do not expect Japan to change its socioeconomic system. But we do hope that it will sustain progress toward internationalizing attitudes and take the initative in seeking ways to facilitate increasing imports.

As in other fields, we have established consultative mechanisms to deal with trade issues. We are now holding economic consultations at the subcabinet level twice a year. Those consultations, in turn, have produced a new trade subcommittee, the U.S. side headed by Deputy U.S. Trade Representative David R. Macdonald. That subcommittee hopes to meet before the end of the year to review trade policy issues, including the bilateral balance. Additionally, the Commerce Department leads a special Trade Facilitation Committee, which deals with specific trade complaints. The senior working group of the Trade Facilitation Committee may meet in

December following Secretary of Commerce Baldridge's current visit to Tokyo.

There are several bilateral matters which, because of time constraints, I can mention only in a cursory way. But I do want to underline the excellent progress we have had with the Japanese in our discussion of spent nuclear fuel reprocessing. Indeed, we are signing a new interim agreement this week and will be following up with talks aimed at an eventual agreement which will run indefinitely. We are moving forward in other areas as well—civil aviation negotiations, fisheries talks, and scientific and technological exchange.

Conclusion

In sum, then, let me reiterate where I think we are. The U.S.-Japan relationship, based on congruent interests and shared values, is still the core element of our Asia policy. Despite problems and irritants, the relationship has stood up well. It is tougher and more resilient than we often realize.

Even though, or perhaps because, Japan is taking on a gradually expanding role in international affairs, we both have benefited from close cooperation on a variety of economic and political issues. Much of this cooperation has been the product of a range of consultations almost unparalleled in our relations with other friends and allies.

There are, of course, areas of the relationship that require continuous tending. While a good deal of progress has already been made, there is substantially more that can be done to promote the common defense. While our economic ties cannot be separated neatly out of global trends and developments, and while there are no major trade issues immediately before us, we cannot rest on our laurels. Quite to the contrary, our economic policies and interchange require close scrutiny and action to avoid a repetition of past strains.

In my view, a continuing relationship of mutual confidence and credibility between Japan and the United States is essential to the maintenance of peace in East Asia. A solid foundation exists to sustain such a relationship. To insure that the relationship will continue to serve the national interests of each, we must be aware of our mutual dependence; we must be considerate and patient; we must be willing to hear each other out. I think that our record to date in sustaining and expanding this vital relationship holds solid promise for the future.■

Developments in Indochina

by *John H. Holdridge*

Statement before the Subcommittee on East Asia and Pacific Affairs of the House Foreign Affairs Committee on October 22, 1981. Ambassador Holdridge is Assistant Secretary for East Asian and Pacific Affairs.[1]

I am pleased to appear here today to discuss recent developments in Indochina. Since I last appeared on July 15 before this subcommittee on the subject of Indochina, there have been a number of important developments indicating a consolidation of the international consensus in opposing Vietnam's invasion and occupation of Kampuchea. Those recent events have demonstrated that the objectives of U.S. policy in Kampuchea are shared by the overwhelming majority of the world community. Those objectives are:

- To preserve the security of the ASEAN states [Association of South East Asian Nations], and particularly that of Thailand, which now directly confronts Vietnam's army of occupation in Kampuchea;
- The withdrawal of Vietnamese forces from Kampuchea;
- Khmer survival and national self-determination; and
- Reduction of Soviet military influence and elimination of Soviet military access in Indochina.

ASEAN Strategy and Kampuchea

The first principle of our Kampuchea policy is to support the strategy adopted by ASEAN. This Administration, like the previous one, has given its wholehearted endorsement to the ASEAN-sponsored U.N. General Assembly resolutions on Kampuchea as the best basis for a settlement of the Kampuchea problem. Three events during the past few months demonstrated the wide support which ASEAN's approach to the Kampuchea problem enjoys in the United Nations.

- In July, the U.N.-sponsored International Conference on Kampuchea, which was mandated by a U.N. General Assembly resolution, was attended by 93 countries (79 as regular attendees and 14 as observers) representing over two-thirds of the U.N. membership and the majority of the nonaligned movement. The conference declaration, approved by consensus, provides the framework for a negotiated settlement based on the withdrawal of foreign troops, Khmer self-determination through free elections, and security guarantees for states in the area. The conference created an ad hoc committee as a mechanism to pursue a settlement and to recommend when future sessions of the conference should be convened. Vietnam did not attend the July session of the conference, but the door has been left open for Hanoi to join the conference process at such time that it recognizes that a political settlement would be in its own best interest.
- In September, the U.N. General Assembly voted overwhelmingly for the third year in a row to seat the U.N. delegation of Democratic Kampuchea. The vote this year in favor of seating them, 79 in favor versus 36 opposed and 31 abstentions, was actually greater than in previous years. This diplomatic success is one more tribute to the ability of the ASEAN states to persuade countries from every region of the world of the soundness of their Kampuchea strategy. This year, as in the past, the great majority of U.N. member states supported seating the Democratic Kampuchea delegation, not because of any affection for the brutal Khmer Rouge regime but rather because they wished to block any move to confer legitimacy on the regime installed in Phnom Penh by the Vietnamese army and which is, of course, a complete creature of Vietnam.
- The U.N. General Assembly adopted yesterday [October 21] by a lopsided vote an ASEAN resolution on Kampuchea which reiterates the call for withdrawal of Vietnamese forces and Khmer self-determination and endorses the decisions of the International Conference on Kampuchea in July.

The strengthening of the international consensus opposed to Vietnam's actions in Kampuchea is in part due to growing international condemnation of Vietnam's aggression and also in part is a reflection of progress in the formation of a coalition of Kampuchean resistance groups. In the first week of September, the leaders of the three main Kampuchean resistance elements—Son Sann, Khmer Rouge Premier Khieu Samphan, and Prince Sihanouk—met in Singapore. They set up an ad hoc committee to work toward formation of a coalition. The committee has met six times in grew between 6% and 7% a year. Growth was particularly strong in manufactured exports, and even some low-income oil importers participated in this trend.

- And concessional assistance grew by 50% in real terms during the 1970s.

By any standard, this is a remarkable record. It's not a basis for complacency, however. We recognize that despite the progress many developing nations continue to struggle with poverty and are seriously affected by disruption in the international economy. But while much progress remains to be made, we can take pride in what has been accomplished—pride in the efforts of those countries that did most to utilize effectively the opportunities of the system and pride in the system itself for being sufficiently flexible to insure that the benefits of international commerce flow increasingly to all countries.

Progress is also evident in the evolution of the international institutions themselves. Today approximately two-thirds of the members of GATT are developing countries, whereas only one-half were developing countries when it was created. Also, the resources of both the World Bank and the IMF have increased dramatically, as has the participation of developing country members.

Certainly the record of the international system is not perfect, but people flirt with fantasy when they suggest that it's a failure and unfair. We know that much must still be done to help low-income countries develop domestic markets, strengthen their exports. But the way to do that is not to weaken the system that has served us so well but to continue working together to make it better.

Program for Action

Now, this brings me to the third and final part of our message in Cancun—a program for action. This summit offers the leadership of the world an opportunity to chart a strategic course for a new era of international economic growth and development. And to do this, all countries, developed and developing alike, demonstrate the political will to address the real issues, confront the obstacles, and seize the opportunities for development wherever they exist. To cite that old proverb: "Give a hungry man a fish and he'll be hungry tomorrow; teach him how to fish, and he'll never be hungry again."

The principles that guide our international policies can lead to the cooperative strategy for global growth that we seek. The experience of our own country and others confirms the importance of strategic principles:

First, stimulating international trade by opening up markets, both within individual countries and between countries;

Second, tailoring particular development strategies to the specific needs and potential of individual countries and regions;

Third, guiding assistance toward the development of self-sustaining productive capacities, particularly in food and energy;

Fourth, improving in many of the countries the climate for private investment and the transfer of technology that comes with such investment; and

Fifth, creating a political atmosphere in which practical solutions can move forward—rather than founder on a reef of misguided policies that restrain and interfere with the international marketplace or foster inflation.

Developing countries cannot be lumped together under the title as if their problems were identical. They're diverse with distinct resource endowments, cultures, languages, and national traditions. The international system is comprised of independent, sovereign nations, whose separate existence testifies to their unique qualities and aspirations.

What we will seek to do at Cancun, and elsewhere in subsequent meetings, is examine cooperatively the roadblocks which developing countries' policies pose to development, and how they can best be removed. For example, is there an imbalance between public and private sector activities? Are high tax rates smothering incentives and precluding growth in personal savings and investment capital?

And then we must examine the obstacles which developed countries put in the way of development, and how they, in turn, can best be removed. For example, are industrial countries maintaining open markets for the products of developing countries? Do they permit unrestricted access by developing countries to their own capital markets?

And finally, we must decide how developed and developing countries together can realize their potential and improve the world economy to promote a higher level of growth and development.

Stimulating Trade. Our program of action includes specific, practical steps that implement the principles I've outlined. First, stimulating international trade by opening up markets is absolutely essential. Non-OPEC developing nations, by selling their products in American markets, earned $63 billion just last year. This is more than twice the amount of total development assistance provided to all developing countries in that same year. It's time for all of us to live up to our principles by concrete actions and open markets and liberalized trade.

The most meaningful action that we could take to promote trade with developing nations in the early 1980s is to strengthen the GATT. It is through a shared, reciprocal effort within GATT that further liberalization of industrial nations' trade regimes is most likely to be achieved. This will benefit developing countries more than any other single step.

The United States will work for a successful GATT ministerial meeting in 1982. We'll launch an extensive round of consultations with all countries, including developing countries, to prepare for that GATT meeting. We'll join with developing countries in working for an effective safeguards code that reflects our mutual concerns and interests. In addition, we'll continue to support the generalized system of preferences, and we'll take the lead in urging other developing countries to match us in expanding developing nations' access to markets.

Trade's contribution to development can be magnified by aligning trade opportunities more closely with private investment, development assistance, technology sharing. At Cancun, we will make it clear that we're ready to cooperate with other nations in putting in place this kind of integrated, complementary effort.

Tailoring Development Programs to Specific Needs. Actually, we're already doing so, which brings me to the second part of our program—tailoring particular development strategies to the specific needs and potential of individual countries and regions. In our own hemisphere, the United States has joined together with Mexico, Venezuela, and Canada to begin developing flexible, imaginative, and cooperative programs linking trade, investment, finance, foreign assistance, and private sector activities to help the nations in the Caribbean and to help them help themselves.

We met initially in Nassau in July. Consulting then took place with the Central American countries and Panama in Costa Rica, and with the Caribbean countries in Santo Domingo. By year end, we expect to complete consultation and move forward with efforts that are tailored to specific situations in individual countries.

Guiding Assistance Toward Self-Sustaining Productive Activities. Third, guiding our assistance toward the development of self-sustaining productive activities—particularly in food and energy.

Increasing food production in developing countries is critically important—for some, literally, it's a matter of life or death. It's also an indispensable basis for overall development. The United States has always made food and agriculture an important emphasis of its economic assistance programs. We have provided massive amounts of food to fight starvation, but we have also undertaken successful agricultural research, welcomed thousands of foreign students for instruction and training at our finest institutions, and helped make discoveries of the high-yielding varieties of the Green Revolution available throughout the world.

Looking to the future, our emphasis will be on the importance of market-oriented policies. We believe this approach will create rising agricultural productivity, self-sustaining capacity for research and innovation, and stimulation of job-creating entrepreneurship in rural areas. Specifically, we've encouraged policies which reduce or eliminate subsidies to food consumers and provide adequate and stable price incentives to their agricultural sectors to increase production. We'll emphasize education and innovative joint research and development activities throughout the United States and developing countries' institutions. We will also encourage rural credit, improved storage and distribution facilities, and roads to facilitate marketing. Now that's a lot. But we need to do more.

The focus will be on raising the productivity of the small farmer, building the capacity to pursue agricultural research, and stimulating productive enterprises that generate employment and purchasing power. We will emphasize new methods of plant improvement to develop crops that tolerate adverse soils and climatic conditions, insects, and diseases; research to increase the efficiency of using irrigation water; systems for the production of several crops per year in the humid tropics; and methods of human and animal disease control to remove such serious problems as the tsetse fly in Africa which bars agricultural production in vast areas of potentially productive land.

Addressing the energy problems of developing countries is also vital to their sustained economic growth. Their net oil bill in 1980 was $46 billion, up from only $4 billion in 1973. This puts tremendous pressure on their balance of payments and threatens development.

The United States will emphasize funding for energy-related activities in the years ahead, especially for private efforts and the mobilization of developing countries' resources. Our energy bilateral aid program must stress technical assistance rather than resource transfers. We will support energy lending by multilateral institutions provided the projects are economically viable and they expand developing-country energy production through greater private investment.

We will also support selected elements of the programs of action of the U.N. Conference on New and Renewable Sources of Energy. They include intensified energy training programs for technicians from developing countries and efforts to help developing countries assess and more efficiently utilize their resources.

Improving Climate for Private Investment. Fourth, improving the climate for private capital flows, particularly private investment. Investment is the lifeblood of development. Private capital flows, commercial lending, and private investment can account for almost 70% of total financial flows to developing countries. It's impractical, not to mention foolish, to attack these flows for ideological reasons.

- We call upon all our partners in finance and development, business, banks, and developing countries to accelerate their cooperative efforts.
- We seek to increase cofinancing and other private financing with the multilateral development banks. We want to enhance the international activities which foster private sector debt and equity financing of investments in the developing countries. Its program is increasing in both size and diversity and the bulk of International Finance Corporation (IFC) projects are privately financed in the developing countries from domestic and external sources.
- We will explore the development of further safeguards for multilateral investment and ways to build upon successful bilateral experiences with these countries. We believe it is important to identify impediments to investment and trade such as conditions of political instability and the threat of expropriation. Working in concert with our trading partners, we'll seek to remove these impediments.
- We will attempt to promote a general agreement of investment allowing countries to harmonize investment policies and to negotiate mutually beneficial improvements in the investment climate.
- Finally, we'll make an effort to identify developed and developing country tax measures which might increase market-oriented investment from both external domestic sources and in the developing countries.

Promoting International Cooperation. Fifth, and finally, let me turn to the question of how we work together. To a remarkable degree, many nations in the world have now entered into an economic dialogue. The choice before us is how to organize and conduct it. Do we persist in contentious rhetoric, or do we undertake practical tasks in a spirit of cooperation and mutual political will? I think our country has signaled the answer to that question.

We go to Cancun with a record of success and contributions second to none —determined to build on our past, ready to offer our hand in friendship as a partner in prosperity. At Cancun we will promote a revolutionary idea born more than 200 years ago, carried to our shores in the hearts of millions of immigrants and refugees, and defended by all who risked their lives so that you and I and our children could still believe in a brighter tomorrow. It's called freedom, and it works. It's still the most exciting, progressive, and successful idea the world has ever known.

Conclusion

In closing, I want to tell you about something a friend of yours and mine said in a speech in Washington not too long ago. Being a man of vision, with a great admiration for America, he explained that he had come on a mission from his native land—a mission to secure economic progress for his people. And told his audience: "I am dreaming. Really I am dreaming of a drive like the drive of your grandfathers, the drive to the West. Water we have, land we have, climate we have, farming we have. But we need technology, we need know-how, new ways of irrigation, new ways of agriculture. All this one can find here in America." And then he pleaded: "Come and be my partners, be pioneers like your grandfathers who opened the West and built in 200 years the most powerful country, the richest country, the great United States of America."

Those words were spoken at the U.S. Chamber of Commerce in March 1979 by Anwar Sadat. This courageous man of peace and hope and love has now been taken from us. But his mission, his dream remain. As we proceed to Cancun, can we not join together so that the good he wanted for all people of the world would finally become theirs and his to share?

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 19, 1981. ■

isolated position with those who also do trade with the Soviet Union. I don't mean to suggest by that that there weren't some who were very disciplined in this area. More importantly, I think relationships with the Soviet Union cannot be simplistic.

I think you know that the President has felt all along—and he has been totally consistent on this question—that food alone is not the vehicle for sending the kind of political signals that were called for in this case. Had he been President at the time there was an embargo, it would have been across-the-board. I think he thought it was an anomaly, and he had his position clear on that through his campaign and after he came into office. But it doesn't mean I was a roaring enthusiast from the foreign policy point of view, but he had to look at it from much broader terms. He did and made a decision; and it has not had a pervasive impact on our ability to conduct our relationships with the Soviet Union since. I think that's a fact.

It isn't just grain the Soviets are interested in. I do think the Soviets are interested in arms control, generally. They see the increase in American defense spending as something that they are going to have to adjust to themselves at a time when they are less flexible in being able to do so.

Q. The President has gone "to the mat" for the AWACS [airborne warning and control system]. He has taken great political risks. Is it now time, in some sense, to turn around and ask the Saudi Arabians to reciprocate? We've taken some risks for them politically. Is it time for them to become a little more actively engaged in the peace process?

A. First, let me tell you, this Administration inherited the arms package for Saudi Arabia. Memories are short. Maybe not in the same sequencing or with the finite composition of the hardware, but the studies that developed the conclusion that led to the arms package were launched in the other Administration. And I discovered after the fact that they were concluded during the last Administration.

The great risk would have been for the President, had he failed to carry out the consistency of American foreign policy on this very difficult issue—in which honest people can differ on both sides. It did get a life of its own and took on far greater significance than the sale of a piece of hardware should have.

Now you ask: "Are we going to demand more of the Saudis?" We've demanded quite a bit of the Saudis in the process of getting this package through. They've made unprecedented commitments in the area of sharing data, security relationships, continuing American presence, support for the system, confined use of the system within their territory. Just read the letter that was circulated around the Hill yesterday. It's unprecedented!

Secondly, your questions would suggest that perhaps they weren't already taking risks for peace. They have been. They were the active catalysts in bringing about the lessening of tensions in the first crisis in the Bekaa Valley, through the Bayt ad-Din process, in coordination with the Arab League Secretary General, Kuwait, Syria, and Lebanon. If that doesn't suggest that they were very active and constructive, they not only performed that task for us, but in the wake of the shock the attack on the Iraqi reactor and the escalation of fighting between the PLO [Palestine Liberation Organization] and Israel along Israel's northern border, they again, with resources and a high-risk act of diplomacy, along with Phil Habib [the President's special emissary to the Middle East], brought about a cessation of hostilities. And it remains intact today. Memories are short: We were probably hours away from a major conflict in the Middle East, not once but twice this past spring. It was managed with great skill by the President, by Phil Habib, and with the active cooperation and support of the Government of Saudi Arabia.

Beyond that, Saudi Arabia has been of inestimable value in providing resources to other threatened Arab states—Sudan, Somalia, Pakistan, Turkey. That is not to say we converge on every issue and principle in the Middle East.

You've asked whether or not we are going to ask them to do more. We already have. We've asked them to continue their very active and increasingly difficult efforts to get national reconciliation in Lebanon. The Bayt ad-Din group will meet in Beirut on November 7 under active Saudi leadership. Shortly after that, we are going to send Phil Habib to the Middle East to try to continue on with this process which is highly volatile, highly fragile, and which could be overturned at any given moment by any number of unpredictables because of the number of interest groups which have an active role in this situation—the Christians, two separate Christian groups, the PLO, the Syrians, the government, the Islamic fundamentalists of both the leftist and a rightist orientation. This is the maze in which we are working.

We have been able not only to elicit increasing support from Saudi Arabia for this process, but we have had very constructive help from France as well. France had been out of that act for an extended period, and that's been a consequence of our diplomacy.

Q. Can we trace the relatively positive statements that Arafat [Yasir Arafat, Chairman of the PLO Executive Committee] made in Tokyo during his Japanese visit about the Fahd peace plan to active Saudi influence with Arafat?

A. There is no question but that the Saudis have had continuous communication with Arafat and a cross-relationship; there is no question but that their communications with Arafat were instrumental in the formulation of the cease-fire—no question about that!

Arafat is, himself, a leader who is somewhat beleaguered. He has factions, some of which are very leery about him—more responsible [inaudible]. He has just been to Moscow where all of the blandishments were again put forward.

Q. I had dinner when I was in Cancun with a couple of senior members of the Saudi delegation there, and I'll put to you the question that they put to me, which was: "Does the United States understand that, come next April, the Camp David peace process we feel will at least be insufficient, and we think it will be dead?"

These are their words: "The Crown Prince has dropped a lifeline"—meaning his peace plan. "Does the United States recognize that, and do they realize that now is the time for the United States, through us or however, to deal with Arafat, because if they don't, the Soviets will?"

A. The United States is fully behind the Camp David process. It is underway; it is the only process with momentum today, and we have made substantial progress. Here is another area of accomplishment! When we came in, the autonomy talks were totally stalled out. There was no prospect for bridging the gap between Israel and Egypt on the Sinai disengagement modalities; no agreement on the character of the MFO [multinational force and observers]. The gap between the two was very wide, with

Israel insisting it should be a U.S. force, and Egypt insisting that there could be no American participation, let alone total American participation.

This Administration, during my visit last April, bridged those gaps. We now not only put in place an agreement for the MFO, but we've largely developed the MFO itself, with a more broadly based participation than anyone could have conceived possible. That's point one.

Point two is on autonomy. We made it clear from the beginning that we wanted these talks to resume, and we wanted progress; that we would be full partners, but that the level of that partnership would depend on the seriousness of the parties and their commitment to a work schedule that was workmanlike and promising. Their initial meeting even preempted us, but it wasn't the result of a lack of communication because they knew our position well beforehand. They have since had a principal meeting at the ministerial level and working-level meetings which are increasingly promising in the context of the dialogue between the two sides—the work schedule they've laid out for themselves and the agenda. At the moment that it appears that raising the level of the American participation will pay off rather than raise unjustified expectations, we will do so.

Q. What does that mean?

A. It means either a special negotiator or participation at the ministerial level.

Q. Have you made that decision yet?

A. No. We're still assessing the progress at these working meetings, and we are represented by our respective ambassadors in Cairo and Jerusalem.

But that is our objective. One cannot prejudge the outcome of these autonomy talks. It's counterproductive to do so. I recognize that many of our European partners are extremely skeptical about it, as are many of the moderate Arab states.

I think you do know that the objectives of autonomy are limited. But again, this anguishing, historic issue is only going to be resolved by careful, practical steps in which confidence-building on both sides is the absolute inherent aspect of the process. Without it, you are not going to have any success; and the perfect can be again the enemy of the good!

What about the Saudi eight points? We have looked at the eight points, and we have made the point that there are some promising and interesting aspects to those eight points, in direct recognition of Israel's right to exist and 242—not explicit, but implicit.

There are other aspects of those eight points which we have traditionally insisted cannot be *a priori* conditions but have to be negotiated by the parties, and that continues to be our view.

Q. The Saudis—at least when I talked to them—were discussing that plan as a starting point for talks, not as *a priori* conditions.

A. We will discuss their views on that plan with them. We are willing and happy to do so. The President mentioned that yesterday in the Oval Office, after the AWACS vote. On the other hand, I don't want that to be viewed as any shift of American policy. Our policy is the Camp David accords and to carry them through to a successful conclusion—and for differing reasons. In a post-Sadat Middle East, I think most of the modern Arab states and our European partners agree with that. The difference that exists between us and them would probably be the version of what has ultimately got to be done after Camp David. I won't take a position; I know the President won't take a position because he wants to see what Camp David brings.

Q. That's fair. I think, though, in the next few months, there are a couple of problems which clearly are to be thought about, and that is, with Sadat gone, Israel has lost the man it considered its best friend in the Arab world. That has raised the question of how confident we can be and whether there is anything we can do to see that their withdrawal from the Sinai proceeds on schedule. As you know, there is some opposition to it in Israel.

A. Of course, there has always been some.

Q. And certainly, the murder of Sadat can't make them any more comfortable about giving up that buffer.

A. That's right. On the other hand, I think Israel also—Mr. Begin, in particular, recognizes that he has committed himself to a process, and I think he is a man of his word. I think he is going to carry that process through with all the energy in his fiber, from the standpoint of his own perception of what is acceptable and not acceptable. I have discussed this with him, and I have no doubts that he intends to meet his committal date for withdrawal on the 26th of April.

Q. He assured you of that?

A. Absolutely.

Q. On the other hand, [Egyptian President] Mr. Mubarak has his problems. He is obviously going to be under pressure from religious elements in his country; and it is clear to me, after spending a couple of hours with the Saudis, that they are going to be all over him. They want him back in the Arab camp. They have good reasons for wanting that, and they are going to work on that. The question there is how comfortable we are with his position in Egypt and Egypt's position vis-a-vis Israel.

A. I think one must take Mubarak at his word. I don't know how anyone could have been more explicit, more definitive in his intention to proceed in the footsteps of President Sadat. That does not mean that he is the same individual. He is a different leader; each one has his own perceptions and his own imperatives. But I think one of those imperatives is to successfully conclude what is in place, or the consequences for Egypt would be great jeopardy to the leadership there, or the necessity to manipulate a drastic shift in their policies, neither of which are risk-free.

Q. Do you think he can deliver?

A. It's easy for him to deliver. He's getting the Sinai back. I think that situation is in relatively good shape.

Q. What can or what should the United States do at this point to try to allay increasing Israeli anxieties in the Middle East?

A. Above all, to make it clear that the recent AWACS debate has had absolutely no effect on our longstanding, historic relationship—it cannot and must not. The President remains firmly committed to maintaining the qualitative edge that Israel enjoys today, and I know he intends to implement that policy. There is no question about it!

Secondly, I think we are all best served by moving as rapidly as we can into this peace process and to carry forward in it with all the vigor that both sides can muster and with the full partnership of the United States.

The great specter over the whole

set the terms under which foreign investment takes place within its borders. Thus, we do not challenge the "Canadianization" goals of, for example, Canada's energy and investment policies. Our concerns about these programs relate to the means proposed to achieve the objectives.

Canadians also sometimes feel that we in the United States tend to ignore their problems when we focus on our domestic or international concerns. I believe that this is more often a perception, or a misperception, than a reality. I can assure you that this Administration is listening and is trying to deal constructively with concerns raised by Canada. This is not always easy, given the intense domestic interests often associated with the issues in question. Canadian complaints of late have often centered on the problems of transboundary air pollution and our fisheries relationship.

Fisheries Relationship

In the fisheries area, the Administration recognized when it came to office that very serious concerns had developed in Canada about the failure of the U.S. Senate to ratify the east coast boundary and fisheries agreements. President Reagan withdrew the fisheries treaty, in recognition of the fact that it was unratifiable, and succeeded in achieving ratification of the boundary treaty. His action will make possible a fair settlement of the boundary dispute with Canada in the Gulf of Maine area, on the basis of international arbitration, and provide a foundation on which to build the future fisheries relationship between the United States and Canada.

The Administration has also worked out with the Canadian Government a negotiated settlement of a major dispute over albacore tuna fishing on the west coast. This dispute had led in 1979 to Canadian seizures of U.S. fishing boats and to a U.S. embargo of tuna imports from Canada. The albacore tuna treaty, which has been ratified by both countries and which went into effect on July 29, permits U.S. and Canadian albacore fishermen to fish in each other's fishery zones for albacore tuna and to have reciprocal access to a selected list of each other's ports.

Environmental Concerns

On transboundary air pollution, the United States and Canada are working toward the same goals—goals that can only be reached through bilateral cooperation. A series of joint U.S.-Canada working groups have been busily engaged for over a year now in defining the dimensions of the problem and exploring possible approaches to deal with it. Negotiations looking toward a U.S.-Canada agreement on transboundary air pollution have been formally opened, while the U.S. Government has underway a renewal of its basic legislation in this area, the Clean Air Act. As a number of Administration spokesmen have stated, Canadian interests will be kept very much in mind during this process.

We approach this problem with an acute awareness of the high level of concern in Canada about acid rain and acidification of lakes, rivers, and streams. We know that many areas in the United States have comparable concerns and, indeed, the original impetus on this issue came from the U.S. Congress. What we find disturbing about the air pollution issue is the public perception of it in Canada, that virtually all of the blame for acid rain must be placed at our doorstep. This perception is based on what we believe to be a number of misconceptions. Let me briefly try to set the record straight.

- The United States is an international leader and pace setter in controlling air pollution. While our record is not perfect, our accomplishments are nevertheless noteworthy.
- A rough comparison of amounts of sulfur dioxide generated in the United States and Canada would show us to be far ahead of Canada in controlling this pollutant, which is considered the most important source of acid rain. With 10 times the population of Canada and more than 10 times the industrial base, the United States could be expected, without any pollution controls, to produce more than 10 times as much sulfur dioxide as Canada. In fact, we produce only about 5½ times as much. Even at that level, we recognize, of course, that we create problems for ourselves and for our neighbors—problems that will have to be resolved.
- The United States has strict mandatory standards for new sources of air pollution. Scrubbers to remove sulfur dioxide are required on new coal-burning power plants in the United States, but not in Canada, although neither country requires that they be installed on old plants. The United States has equipped 84 coal-fired power plants with scrubbers, and 34 more are being so equipped. Canada has built or has under construction a number of large new coal-burning power plants along the U.S.-Canada border that are not equipped with scrubbers.

I do not cite these facts out of any desire to be critical of Canada's air pollution control program. Such programs are expensive and have to be designed by each country in accordance with its own national objectives and fiscal constraints. But it is important for all concerned to understand that dealing with transboundary air pollution is something that will require a joint effort by both countries, and it is the responsibility of political leaders on both sides of the border to make this situation clear to their respective publics. The United States must do its part but cannot be expected to carry a disproportionate share of the burden. Achieving an equivalent level of control in the two countries, at an acceptable level, should be our common objective.

An outstanding example of successful cooperation in the environmental area is the U.S.-Canada Great Lakes water quality agreement. It has led to joint actions that have reversed a pattern of deterioration that could have led to the biological death of some of the Great Lakes. We should remember as we work on air pollution, that several years of hard work were required to reach agreement on dealing with water quality in the Great Lakes.

Bilateral Cooperation in Other Areas

Most of the broad scope of our relationship with Canada covers areas of agreement and common perceptions, not disagreement and dispute. We are cooperating closely and successfully, through the International Joint Commission, on a whole host of problems involving transboundary water pollution and water levels and flows. In defense we are the closest of allies, both within NATO and in defense of North America. In international affairs, the United States and Canada share common perceptions based on our common democratic heritage and on our common commitment to freedom. We cooperate closely in many areas—in support of the peace process in the Middle East, in the Namibia contact group, on international security and disarmament matters, in opposing Soviet threats to Poland, in calling for Soviet withdrawal from Afghanistan, in programs for the resettlement of refugees from Southeast Asia, and, closer to home, in new initiatives to assist the peoples of the Caribbean Basin.

In bilateral relations, the sheer

volume of our interactions in all fields—trade, investment, culture, tourism, family ties, transportation links—is almost immeasurable. Most of these transactions take place in harmony and without giving rise to problems that require the assistance of governments. When government attention to our bilateral relations is required, the results are most often positive.

Frank Public Discussions

I have already alluded to some of the problems that exist in U.S.-Canadian relations. I do not propose today to recite a catalogue of grievances. My colleagues, [Under Secretary for Economic Affairs] Mike Rashish and [Assistant Secretary for Economic and Business Affairs] Bob Hormats, have set forth some of our concerns in U.S.-Canadian relations in recent speeches. And, frankly, these views are broadly shared by the Administration and not confined to lower level officials. I do want to say a word about how one of those speeches was received in Canada.

Under Secretary Rashish's thoughtful exposition of some very real concerns that we have about the means chosen to implement Canada's energy and investment policies, and the effects they would have on U.S. interests, led to headlines in Canada such as: "US Attacks Enrage Government" and "The Bullying of Canada." To describe as "bullying" these honest efforts on our part to discuss our legitimate concerns is nonsense. If we are to maintain a mature relationship, as I believe we must, the U.S. and Canadian Governments must continue to feel free to speak frankly to each other. We cannot be expected to remain silent about our important concerns, just as we would not expect Canada to remain silent about its concerns.

Nor can we confine our exchanges on important issues entirely to private discussions behind closed doors. We have an obligation as democracies to keep our legislative bodies and our publics informed of the main lines of our policy and of the positions we take on others' policies that will have important effects on our citizens. Moreover, accurate and frank public discussion contributes to diminishing the risks of misunderstanding. And misunderstanding can make differences appear larger than they really are.

Canadian Energy and Investment Policies

There is one other observation that I wish to make about current problem areas in our relationship with Canada. The Canadian public is now aware of our opposition to some aspects of Canada's energy and investment policies but may not understand our reasons. Perhaps this is because the basic "Canadianization" objective has been so well publicized but less has been said about some of the means proposed to achieve that objective. We know that Canadians are fair-minded people, and we know that Canadians are strongly committed to their international obligations and to playing a responsible role in the world trading system. Frankly, we have trouble reconciling some of the means contemplated to carry out Canadianization with those ideals of fair play. Let me cite several examples.

- We do not oppose "Canadianization" of the oil industry, but we believe it could and should be achieved in ways that are consistent with accepted international principles and are equitable to those who have made a major contribution in developing Canada's energy resources.
- We would ask if Canada's proposed national energy program offers adequate or fair compensation, under international standards. The government proposes to acquire retroactively a 25% interest in oil that has been discovered on lands leased from the government. It offers compensation amounting to only a small fraction of the estimated market value of the assets the government would acquire. A "grandfather clause" would avoid these problems of retroactive application and compensation.
- We note that Canada has subscribed to the OECD [Organization for Economic Cooperation and Development] investment code which endorses the principle of nondiscriminatory or "national" treatment of foreign investment. Under these circumstances, is it really unreasonable for us to expect that Canada should avoid such a major derogation from the principle of nondiscriminatory treatment as is now embodied in the national energy program?
- With regard to the Foreign Investment Review Agency (FIRA), we fully accept Canada's right, within accepted international standards, to set rules designed to assure that proposed new foreign investment is in Canada's interest. Our concerns about FIRA's performance reviews and the new Committee on Industrial and Regional Benefits relate to potential trade distorting effects. To take an example, a reduced tariff on an item, agreed to by Canada in a multilateral trade negotiation, would have no value to us if an agency of the Canadian Government were to tell companies that to operate in Canada they would have to agree to buy such items only from Canadian sources. This would impair our rights under the General Agreement on Tariffs and Trade. Another concern is FIRA's "extraterritorial" application to certain mergers or acquisitions that take place abroad. When the firm being acquired has a Canadian subsidiary, FIRA asserts the right to rule whether the acquiring firm may retain the Canadian subsidiary, even though there has been no change in the percentage of foreign ownership, hence, no new investment in Canada.

Conclusion

I hope that these comments will be accepted in Canada in the spirit of frank and neighborly exchange in which they are offered. All of our current problems have to be considered in the context of a uniquely positive and productive long-term relationship. Living as we do, with such a high degree of interdependence, our only reasonable choice is to make our relationship work to our mutual advantage.

Speaking at Queens University, Kingston, Ontario, in 1938, President Franklin Roosevelt said: "We, as good neighbors, are true friends, because we maintain our own rights with frankness, . . . because we settle our disputes by consultation, and because we discuss our common problems in the spirit of common good." I would suggest that the Roosevelt formula—frankness, consultation, and concern for the common good—remains today as valid for Canadians and Americans as it did in 1938. Indeed, I would suggest that neither nation has much choice. As Benjamin Franklin once observed: "Either we hang together or we will hang separately."■

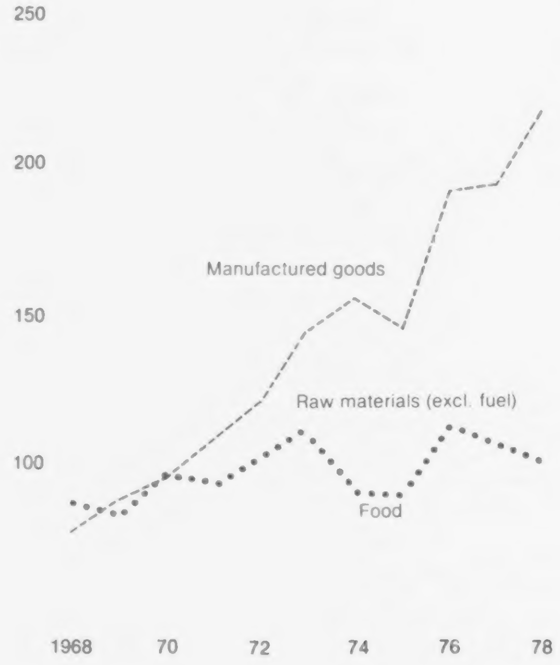
Developing Country Export Growth, 1970–79

Most developing countries depend on exports to pay for imported food, energy, and capital goods needed for their development. Almost all developing countries greatly increased their export trade in the 1960s. Although many of them could not sustain this pace, 18 countries had an export growth rate higher than the average for the industrial market economies in the 1970s. The United States and other members of the Organization for Economic Cooperation and Development attempt to promote Third World exports by lowering or eliminating their normal duties for many goods imported from developing countries. This is known as the generalized system of preferences. Aid programs also have encouraged recipients to diversify their economies so as to reduce their dependence on one or a few export commodities.

Source: World Bank, *World Development Report* (1981). No data is available for developing countries not included on map.

Developing Country Exports to OECD Countries and South Africa, 1968–78

Volume change (1970 = 100)

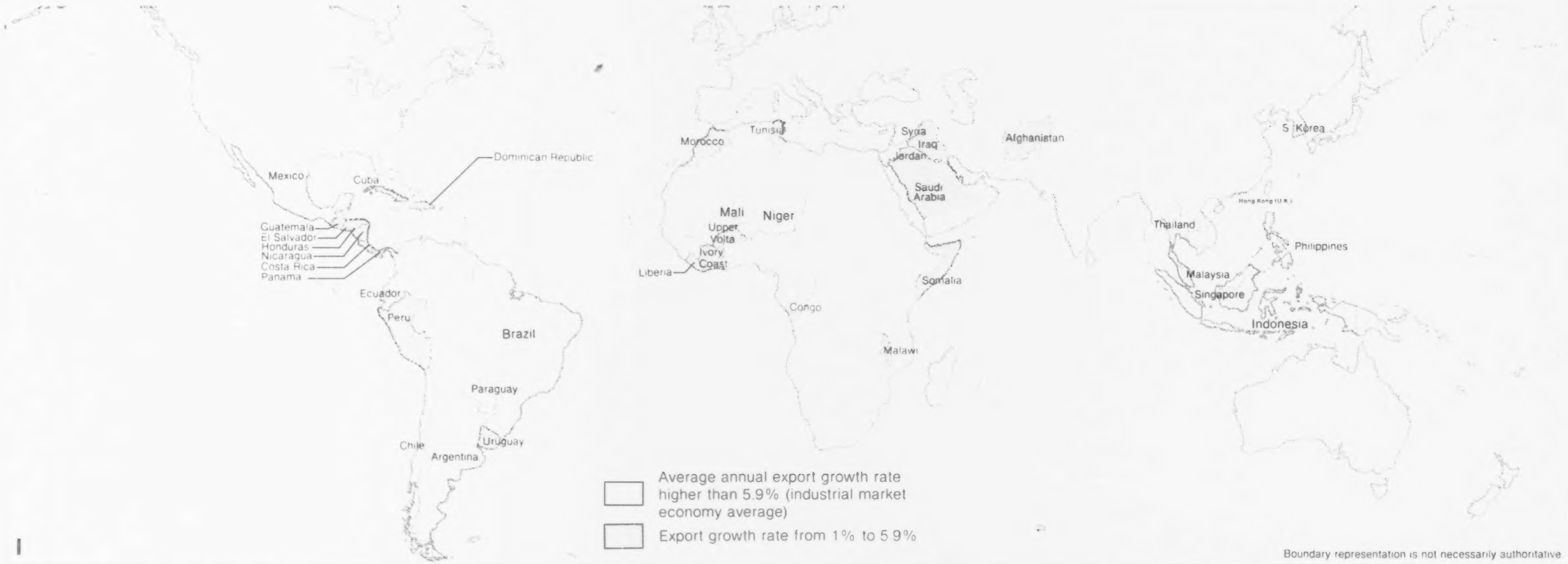


Developing Country Markets, 1979

$ billions

TOTAL exports	244
Exports to OECD members	157
United States	51
Japan	23
West Germany	17
Developing countries	66
U.S.S.R. and European Soviet-bloc countries	13

Source: International Monetary Fund, *Direction of Trade Yearbook*, 1980


Mexico
Cuba
Dominican Republic
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Ecuador
Peru
Brazil
Paraguay
Chile
Argentina
Uruguay
Morocco
Tunisia
Liberia
Mali
Upper Volta
Ivory Coast
Niger
Congo
Malawi
Somalia
Syria
Iraq
Jordan
Saudi Arabia
Afghanistan
Thailand
Malaysia
Singapore
Indonesia
Philippines
Hong Kong (U.K.)
S. Korea
Average annual export growth rate higher than 5.9% (industrial market economy average)
Export growth rate from 1% to 5.9%

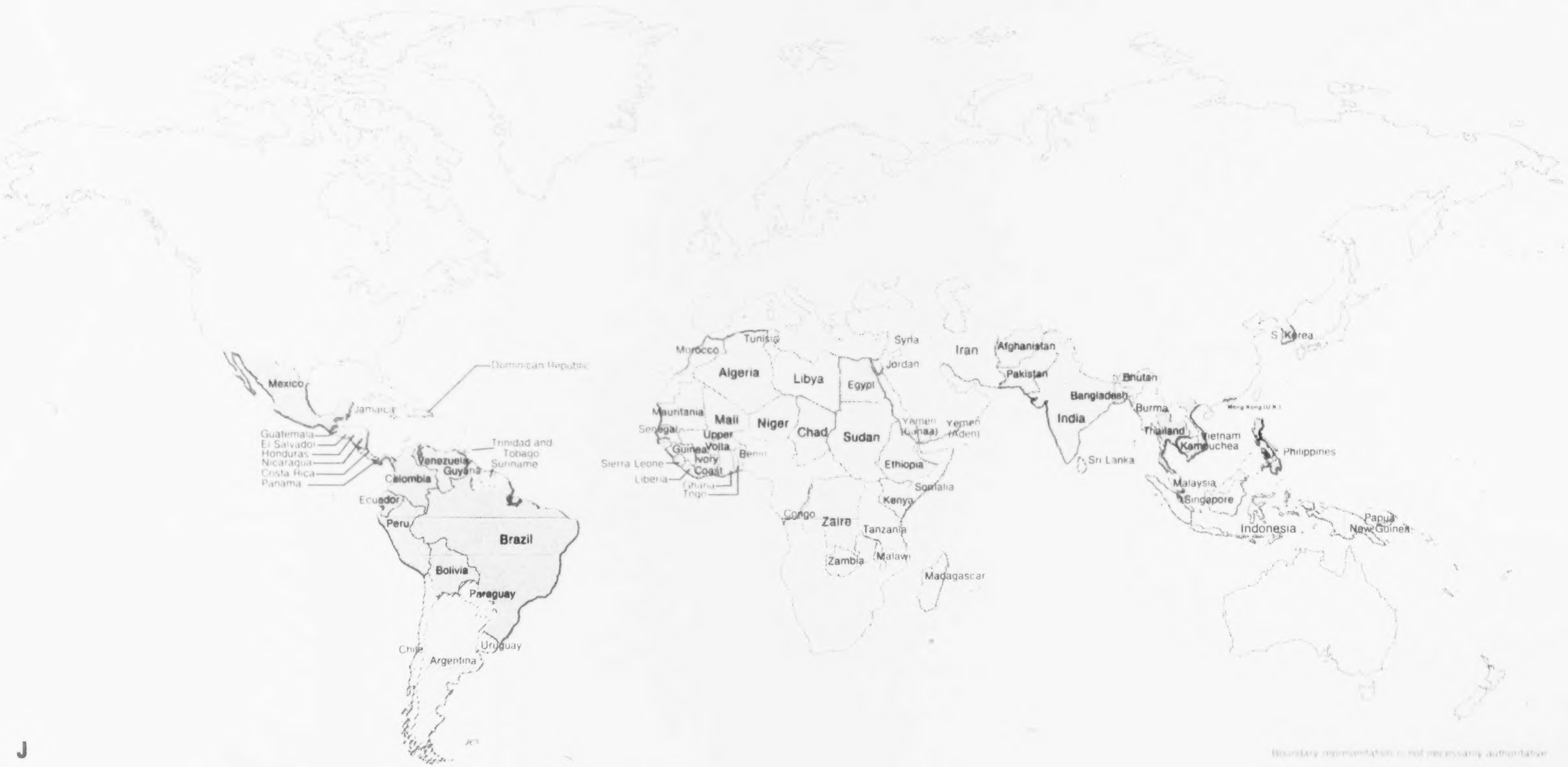
Boundary representation is not necessarily authoritative.

Literacy in Developing Countries, 1960–76

Most developing countries have launched campaigns to extend literacy, knowing that a literate population is necessary to sustain economic and social growth. It took the older industrial countries of Europe and North America 75 to 100 years for 75% or more of their populations to become literate. (Smaller European countries with a homogeneous population have a literacy rate of 100%.) In sub-Saharan Africa the average rate of literacy has risen from 14% in 1960 to 28% in 1976. Despite these impressive gains, nearly 1 billion adults in developing countries cannot read and write a simple sentence.

Source: World Bank, *World Development Report* (1980, 1981). No 1960 or 1975–76 figures given for Botswana, Gabon, The Gambia, Guinea-Bissau, North Korea, Lebanon, and most newly independent island countries; no 1960 figures for preponderantly literate Costa Rica, Cuba, Nicaragua, Vietnam; no 1975–76 figures for Angola, Cameroon, Central African Republic, Iraq, Kampuchea, Laos, Mozambique, Nigeria, Papua New Guinea, Saudi Arabia, Uganda, and Zimbabwe.

- ☐ 75% or more literate in 1960
- ☐ 75% or more literate by 1976
- ☐ 50% or more literate by 1976
- ☐ Less than 50% literate by 1976


Mexico
Dominican Republic
Jamaica
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Trinidad and Tobago
Suriname
Venezuela
Guyana
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Morocco
Tunisia
Algeria
Libya
Egypt
Syria
Jordan
Mauritania
Senegal
Mali
Upper Volta
Niger
Chad
Sudan
Guinea
Ivory Coast
Sierra Leone
Liberia
Ghana
Togo
Benin
Yemen (Sanaa)
Yemen (Aden)
Ethiopia
Somalia
Kenya
Congo
Zaire
Tanzania
Zambia
Malawi
Madagascar
Iran
Afghanistan
Pakistan
India
Bangladesh
Bhutan
Sri Lanka
Burma
Thailand
Vietnam
Kampuchea
Hong Kong (U.K.)
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
S. Korea
Boundary representation is not necessarily authoritative

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Bangkok, and, although important differences still must be ironed out, the three groups have made some progress toward a coalition.

The development of the non-Communist Khmer resistance groups will be a long process which will require patience, as will all of the aspects of ASEAN's Kampuchea strategy. Without a viable non-Communist alternative, the Kampuchean conflict would have but two possible victors: Pol Pot or Vietnam's Heng Samrin. The United States will never support a strategy which restores the former to power. Nor can we accept Vietnam's aggression.

Pressures on Vietnam

A great variety of diplomatic, economic, and military pressures have been brought to bear on the Vietnamese by a large consortium of countries. No one of these pressures will persuade Hanoi that it should negotiate, but we believe that the combination—maintained with firmness and resolve—will achieve the objectives of ASEAN and of ASEAN's supporters.

Vietnam today faces grave and steadily worsening economic problems—one of the lowest standards of living in the world, a serious balance-of-payments problem, an almost total lack of hard currency. Hanoi has brought these problems upon itself through its own disastrous mismanagement and through its decision to give its colonialist adventure in Kampuchea priority over the welfare of the Vietnamese people. The major Western countries, and increasingly the multilateral organizations as well, have not been willing to give development assistance to Vietnam as long as Hanoi squanders its own scarce resources in maintaining an army of occupation in Kampuchea.

Hanoi has brought these disasters upon itself. In pursuit of political ambitions in Kampuchea, the Vietnamese have chosen also to increase their dependence on the Soviet Union. Extremely alarming indications of use of chemical/biological weapons in Kampuchea and Laos also appear to be the fruits of Soviet-Vietnamese military cooperation in Southeast Asia.

The situation on the ground in Kampuchea patently refutes Hanoi's claims about the "irreversibility" of the situation in Kampuchea. Political and military resistance activity involving both Democratic Kampuchea and, increasingly, Son Sann's KPNLF [Kampuchea People's National Liberation Front] forces, has spread to most of the country during the course of 1981. Major roads are cut, ambushes are frequent, and the rail link to the west frequently closed. While the future of the non-Communist resistance remains an open question and its activities largely defensive, its numbers are increasing and its training and organization and discipline improving. Vietnam's own forces are plagued by malaria, inadequate food and medicines, poor morale, and desertions. The fledgling Heng Samrin puppet regime continues to lack acceptance by the Kampuchean people.

The ASEAN, European Economic Community, Japan, and we ourselves have made it clear to Hanoi that a political settlement in Kampuchea could eventually lead to better relations with the West and even the resumption of suspended foreign assistance, thereby reducing Hanoi's now near-total dependence on Moscow. The international community, led by ASEAN, has offered Vietnam an honorable way to reverse its disastrous policies. It would not jeopardize any of Vietnam's legitimate interests and would pave the way for stability and prosperity throughout Southeast Asia. Hanoi knows that it has this choice. Thus far, there is no evidence that any element of the Hanoi leadership is willing to change the course of Vietnam's bankrupt policies.

It is the policy of this Administration that normalization of relations with Vietnam is out of the question as long as Hanoi continues to occupy Kampuchea and generally remains a menace to other countries of the region. Despite the absence of diplomatic relations, we do maintain a dialogue with Hanoi to deal with significant issues, including two humanitarian issues—the accounting for American prisoners-of-war and missing-in-action (POW-MIAs) and the orderly departure from Vietnam of persons in whom the United States has a direct interest. I will discuss the MIA issue at the conclusion of my remarks.

Concerning the orderly departure program, we are pleased that an arrangement was worked out late last year, through the mediation of the U.N. High Commissioner for Refugees (UNHCR), which made possible the movement to this country in December and January of almost 2,000 Vietnamese under the program. Very recently, Hanoi has again shown interest in the program, and the UNHCR interviews in Ho Chi Minh City have resumed. The dimensions of the program remain small, however. The orderly departure flights have begun again, and this program will provide a safe means of exit for at least a few people who otherwise might resort to perilous voyages as boat refugees.

Laos

Before concluding, I would like to say a few words about Laos. As you know, we continue to maintain a small Embassy in Vientiane, although in recent years relations have been very limited because of Laos' close relations with Hanoi. We do not seek the overthrow of the Lao Government, with which we maintain relations. Vietnam has 50,000 soldiers in Laos and the principal Lao Communist Party leaders seem to identify their own interests with those of Hanoi. Recently, there have been signs that the Soviet Union is attempting to develop its own separate presence in Laos, including a marked increase in Soviet involvement in military buildup there.

Despite these powerful foreign influences, Laos does retain at least some degree of autonomy, and many officials there appear to welcome closer relations with the West. Laos depends for its economic survival on maintaining a *modus vivendi* with Thailand. This relationship with the Thais, who are ethnic cousins of the Lao, gives Vientiane some distance from Hanoi. We maintain our Embassy in Vientiane to contribute to this effort and to offer some small counterbalance to the Soviet-Vietnamese influence. We are exploring a few possibilities for marginal improvement in our relations with Laos in ways which could conceivably increase Vientiane's cooperation in POW-MIA matters as well as meet some of the humanitarian needs of Laos.

POW-MIAs

I will conclude my remarks by addressing the subject of POW-MIAs, which remains one of the most painful legacies of our long involvement in Indochina. This Administration is committed to obtaining the fullest possible accounting for all the POW-MIAs. We will take every appropriate measure to achieve that accounting. We have stressed to the Vietnamese and Lao Governments in the strongest possible terms their humanitarian responsibility to provide all information available to them. In July, the

Vietnamese made a very small gesture in the right direction by returning the remains of three Americans, but we are convinced that they have not told us everything they know. In the case of Laos, the government there has actually been less cooperative than Hanoi, but, as I said earlier, we are exploring some ideas to induce a greater interest on their and Vietnam's part.

We view the MIA issue as a humanitarian one which should not be linked with political or economic matters. At the same time, we have made it clear to both Laos and Vietnam that this is a matter of utmost importance to the American people, Congress, and Government.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Thai Prime Minister

Thai Prime Minister Prem Tinsulanonda made a private visit to the United States October 3-10, 1981. While in Washington, D.C., October 5-8, he met with President Reagan and other government officials.

Following is President Reagan's toast given at a luncheon at the White House honoring the Prime Minister on October 6.[1]

On behalf of the American people, it is a pleasure and an honor to welcome you and your colleagues to the White House today. I have enjoyed this opportunity to get to know you. Our conversations reinforced for me the importance of maintaining the security, stability, and national development of Thailand. Let me assure you that we value your counsel and views on trends and developments in your region.

Your country is truly named "Land of the Free." Blessed by nature, the Thai people are peaceful, hard-working, and have never menaced their neighbors. Blessed equally by brilliant and dynamic leaders, their nation has remained independent for more than seven centuries.

Thailand's relations with our own country date back more than 100 years and have been characterized by warm friendship and close cooperation. Our sons and daughters have studied side-by-side in each others' schools and universities; our soldiers have fought and died together in two wars. We share a relationship that's truly rare between two countries, especially since we're separated by 12,000 miles of ocean.

Your open society and free enterprise system are a shining example for the rest of Asia. The other day I had the great privilege of addressing the 36th annual meeting of the International Monetary Fund and the World Bank that was held here in Washington. And one of the points I made to that distinguished audience was: the societies which have achieved the most spectacular, and broad-based economic progress, in the shortest period of time, are not the most tightly controlled, not necessarily the biggest in size or the wealthiest in natural resources—what unites them all is their willingness to believe in the magic of the marketplace.

I could have been speaking about your Thailand. You can be very proud of what you and your government and your people have achieved. The American people are very proud to have contributed in a small way to your success. And let me just add that we intend, within our means, to maintain this con*tribution.*

Now a menacing shadow threatens your country. We've talked about that this morning—threatens the world, for that matter—the aggressive actions of the Vietnamese Communists, backed by Soviet sponsors, and they pose a menace to your security, stability, and territorial integrity. Supported by your ASEAN [Association for South East Asian Nations] partners, you stand in the front lines of the great ideological struggle of our century—one between free people who wish to live in peace in societies of law, and on the other side, the totalitarians who despise human freedom and seek to subvert or destroy it everywhere they can.

With Vietnamese occupation of Kampuchea, you and your ASEAN partners buried your differences and joined together to face the common danger. The outcome of the International Conference on Kampuchea, in the overwhelming vote to prevent the Vietnamese puppet regime in that country from gaining a U.N. seat, and the continuing efforts to rally the Khmer people against the illegal occupation of their country, all prove to be noble resources of the ASEAN endeavor.

The nations in your region are cooperating to defend their security, and the way is open for ultimate success. I can assure you that America is ready to help you and ASEAN to maintain your independence against Communist aggression. The Manila Pact in its clarification of our bilateral communique of 1962 is a living document. We will honor the obligations that it conveys.

(White House photo by Bill Fitz-Patrick)

President Reagan with Prime Minister Tinsulanonda

The American people join me, I'm sure, in conveying a warm greeting to the royal family and the people of Thailand. Nancy, my wife, would also like you to convey a message. She looks forward with great pleasure to the visit of Her Majesty, Queen Sirikit, to the White House on November 5th.

I'm going to depart a little bit from normal custom here in proposing a toast. In view of the tragedy that has just happened, there is a—normally, you know, we rise for a toast. In one city in our land, Philadelphia, they have had a tradition for years that you only stand to toast the dead. So therefore, I'm going to propose a toast today with all of us still seated.[2] And it is to you, Mr. Prime Minister, to Their Royal Highnesses, Their Majesties, the King and Queen, and to the people, and to the continuation of close relations between our two countries.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 12, 1981.

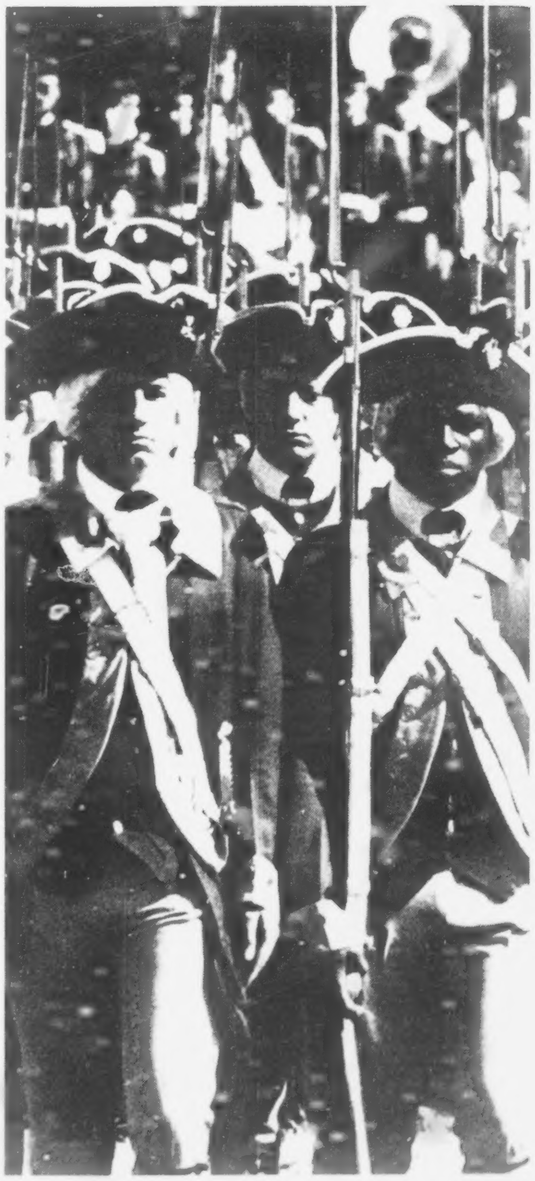
[2] At the time of the luncheon toast, the Egyptian Government had not officially announced the death of President Sadat, so the President remained seated. ■

Bicentennial Observance of the Battle of Yorktown

On the afternoon of October 19, 1781, Lord Cornwallis' British army marched down a Virginia country road to the surrender ground where ranks of victorious American and French troops waited. Unable to face the humiliation of defeat, the British commander sent his deputy, General Charles O'Hara, in his place. O'Hara attempted to lessen the blow by surrendering his sword to French General Rochambeau. The Frenchman shook his head, indicating that General Washington was commander in chief. The American commander, no doubt disappointed by Cornwallis' absence, also refused to accept the surrender. Military protocol would prevail, and the British officer was directed to take his orders from General Benjamin Lincoln, Washington's deputy.

This Yorktown victory effectively ended America's war for independence, although the final peace treaty between the United States and Britain was not signed until September 3, 1783.

To commemorate the 200th anniversary of this victory, President Reagan, French President Francois Mitterrand, and the Rt. Honorable Lord Hailsham (Lord Chancellor of the United Kingdom) attended ceremonies recreating this surrender at the Yorktown battlefield in Virginia on October 19, 1981. Following are President Reagan's remarks made on that occasion.[1]



(White House photo by Bill Fitz-Patrick)

I open with something of an announcement before my remarks. Since today is a day to celebrate freedom, I feel it only appropriate that I exercise one of the more pleasant powers of the Presidency. After consultation with Governor Dalton [John Dalton of Virginia] and with his approval, by the power vested in me as President of the United States, I hereby grant amnesty to the corps of cadets of the Virginia Military Institute under the terms and conditions to be specified by the superintendent. [*Laughter*]

And now, this field, this ceremony, and this day hold a special meaning for people the world over, whether free in their lives or only in their dreams. Not long after the battle of Yorktown, Lafayette wrote home to France. "Here," he said, "humanity has won its battle, liberty now has a country."

It was an extraordinary moment in history. The Continental Army, as you've been told, had marched more than 400 miles from the Hudson River in New York to the tidewaters of Virginia. They surprised and stranded Lord Cornwallis on the tip of this peninsula. When Admiral de Grasse and his French fleet blockaded the Chesapeake, the trap was sprung. There could be no rescue by land or by sea.

Nearly 8,000 British soldiers had swept from Charleston to Richmond to this spot between the York and the James Rivers, with far more victories than defeats. But as they were encircled and besieged by the Continentals, as they withstood day after day of grueling bombardment, they must have known in their hearts they were fighting for a cause they could not win.

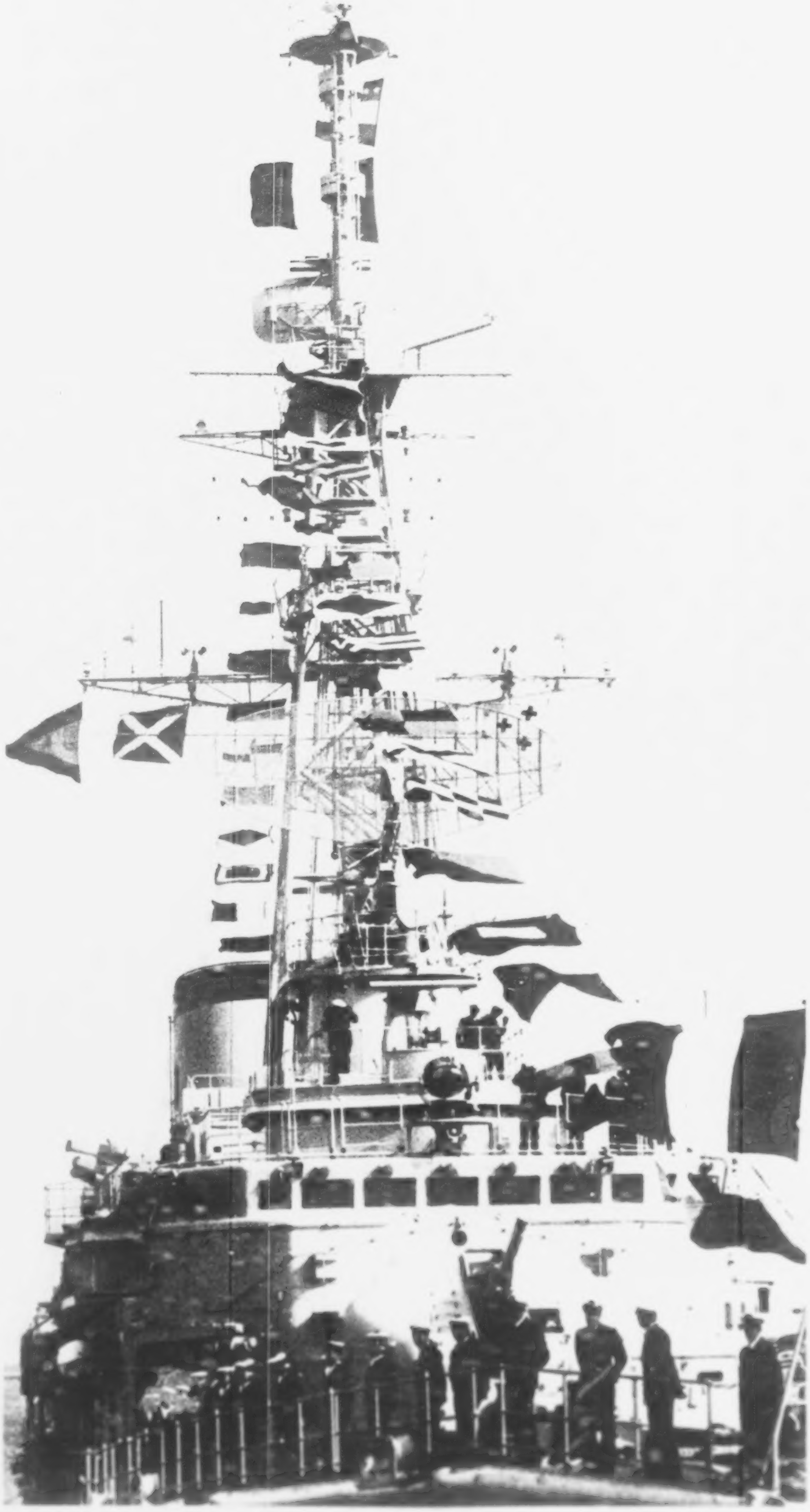
Their enemies were a band of colonists with bandaged feet and muskets that couldn't be counted on to fire, but the British were thousands of miles from home and the Americans were fighting where they lived. Those rebels may not have had fancy uniforms or even adequate resources, but they had a passion for liberty burning in their hearts.

In a masterly execution of a textbook siege, General Washington and his grab bag army defeated the finest troops King George could field.

The morning of the surrender must have been very much like this one today. The first real chill of autumn was in the air. The trees were turning brilliant with the hues of red and gold and brown. The sky was bright and clear. Quiet had finally returned to this lovely countryside. How strange the silence must have seemed after the thundering violence of war.

And then the silence was broken by a muffled beat of British drums, covered with black handkerchiefs, as the Redcoats marched to surrender. The pageantry was spectacular. The French in their spotless white uniforms lined one side of the road. The ragged Continentals were brown and dreary on the other side. But the journals of those who were present mention that the Americans stood every bit as straight and equally as proud as any army could. They had, on that day, a military bearing that was not to be outdone by their comrades in white and blue nor by King George's men in their brilliant red.

As the British marched between the allied armies to the field of surrender, tears streamed down many of their faces. Their musicians played a tune popular in England at that time, yes, "The World Turned Upside Down." And that's just what the colonists had done.



(White House photo by Bill FitzPatrick)

The French frigate *De Grasse*, named in honor of the French Admiral. On October 18 President Regan attended a luncheon hosted by President Mitterrand on board the battleship.

process is Lebanon because it is the most complex, difficult, and attention-strewn. It's volatile. There is required not only the active help, leadership, and risk-taking of Saudi Arabia in that process, but it is also involved in an unusual and laudible degree of restraint on the part of Israel.

Q. That is the major specter. You have a minor specter named Qadhafi—increasingly vociferous, post-Sadat assassination, remains what he was when you spoke out against him. What does the United States anticipate now in this area? Any changes with Qadhafi now?

A. I think one important aspect of the Qadhafi phenomenon—and it is replete with contradiction—is that there is a growing awareness throughout the region of the unacceptable nature of his current performance, activity. Chad is a good example, with the destabilizing efforts that he has manipulated against the Sudan, Somalia, some of the central African republics; and even farther south than that his fine hand is felt.

Q. You know about Uganda, with Idi Amin?

A. Yes.

Q. Where else do we feel it?

A. We feel it in a number of areas. There are reports of Libyan activity in the recent coup attempt in The Gambia, so there is a growing awareness there. There are efforts now underway, under French auspices but with African support, to put an OAU [Organization of African Unity] force into Chad. Some of the worrisome reports we read last night proved to be fallacious. But that situation is dangerous.

The contradiction in the situation is that many of the Arab states are fearful that too much high-profiled condemnation of Qadhafi gives him a level of influence—politically and psychologically—that his own demographic assets do not justify. There is, unfortunately, a certain degree of truth in that. But you also have to make it clear that what he is doing, by any standards of acceptable international behavior, is unacceptable. I am not going to lay out any threats or go beyond the point of just making that point.

Q. Yet, there is another contradiction, which is that this character last month sent 10 people to Italy to kill the American Ambassador. Now he's hatching a plan to sponsor attacks on American Embassies in West European capitals. Yet, we're still buying his oil; we're still doing business with the guy. In fact, we're still helping to buy the bullets he is trying to use to kill Max Rabb. Isn't that also a contradiction?

A. It is clearly a contradiction, but it is not devoid of its own contradictions. There again, very careful thought has to be given as to whether or not the course of action that I have seen your question is promoting is, in effect, going to be effective or whether third-country transfers are going to merely have the practical consequence of punishing American firms without having any impact whatsoever, in practical terms, on Qadhafi and whether or not other repercussions could outweigh the important moral imperative that the question suggests.

Q. I think it is important, since we just talked about Qadhafi, that we talk about his doppelganger in our hemisphere, Castro. We promised long ago that we would get to the source—deal with some of the problems in Central America at the source. I think two questions arise from that. First of all, we seem to have made very little progress in El Salvador itself. The arms flow continues, as far as I see; I don't see that the government has made a great deal of progress in securing the situation. And second of all, I don't see anything being done to get to the source.

A. No. I would say to the contrary that when this Administration came in, El Salvador was in worse shape than it is today. I don't mean to suggest by that that, if one just does his bookkeeping, he knows that what we have done has been limited to a slight increase in economic assistance, a slight increase in military sales assistance, and something less today, I think, than 50 advisers—technical trainers, advisers isn't even a good term. If anyone were to suggest that we have taken dramatic steps with El Salvador and had failed, I think they would be guilty of the worst perversion of facts.

The simple facts are that the situation has become essentially stalemated. The insurgents are not achieving dramatic gains. They remain isolated politically from the mainstream of thought. They are not in the clarion call for future freedom.

There has been some cutoff and there has been an increase in cooperation from the other local states--Honduras, Guatemala, Colombia, and Venezuela—and a greater awareness of the problem. On the other hand, I share the thrust of your question that in a guerrilla conflict, stalemate could ultimately be fatal because El Salvador is experiencing grievous economic difficulties. These, combined with the continual fighting and bloodshed, generate excesses from the right to match those of the left. Therefore, the situation needs a reassessment, and it has been getting just that. I'll go no further. But we still have Salvador; it did not become a Nicaragua.

Q. But in the process, Nicaragua has rapidly become Cuba.

A. Very predictable.

Q. You gave it a try. You didn't cut the aid off in the beginning. There were still some doors left open.

A. We're still giving it a try. It still remains a carrot. We haven't given up hope on the forces of freedom in Nicaragua. On the other hand, the situation is becoming increasingly grim.

Q. Just to switch it a little bit, you used the phrase "trying to forge a strategic consensus abroad."

A. No, no. Wait a minute. You guys used that! What I used was, I wanted to discuss the strategic consensus. I never claimed that we would forge one. Soviet actions forged the strategic consensus. And what were they?

Let's not kid ourselves about this. Angola, Ethiopia, southern Yemen, northern Yemen, Afghanistan I, Afghanistan II, the fall of the Shah of Iran created a strategic consensus. I said we had to use it, constructively, to forge a better sense of protection against external aggression from the Soviet Union, and that this was intimately interrelated with the peace process.

Q. I was just picking up the phrase to introduce another subject.

A. Well, o.k., but I'm sorry. I get so frustrated by this continual—look, the strategic consensus exists. How in the world do you think we had the action that we had in Lebanon, if there hadn't been one?

Q. That's a perfect introduction to what I'm asking: Do we have a comparable strategic consensus in Washington about foreign policy?

A. The answer to that is essentially yes, if you're talking about the ability of the executive branch to conduct its policy with the bipartisan support of the American Congress. Thus far, yes. It hasn't been easy, but if one would look back on recent years, it's been somewhat more effective than heretofore. We haven't lost a major foreign policy issue on the Hill, as close as yesterday was. We have a number of projects underway—a new policy toward Pakistan; increased levels of defense spending, the Foreign Assistance Act, which we hope is going to go through and won't be another continuing resolution, which we've had since 1979; we had the lifting of the Clark amendment—all highly difficult and controversial questions.

Q. I'm talking about within the Administration itself. Some of our allies, some of our enemies, say we seem to speak in discordant voices.

A. I'm delighted with these little picadillo courses rather than the profound courses we are taking, which are so fundamentally important. Somebody ought to ask himself that question. We're spending all our time wondering whether or not one spokesman or another has nuanced somewhat differently than his counterpart. In the first place, it is important to recognize that institutional Cabinet officers cull their problems from a different perspective. It has always been so. I'm a guy who has had 20 years experience. I worked for [former Secretary of Defense] Bob McNamara right out of his office. He and [former Secretary of State] Dean Rusk were always "pinging" a little differently.

Q. I think there is one serious structural question, which is whether this Administration has, in foreign policy, an apparatus to pull together all those naturally discordant points of view. In economic policy, there is this council that Reagan chairs, and they are able to hammer these things out.

A. Why aren't you worried about the substance of our foreign policy?

Q. I can't worry about one without the other.

A. What you have to worry about is, have we made any profound mistakes in foreign policy? Can you tell me one?

Q. No. As a matter of fact, I can't.

Q. What critics would say—I made a list; I never got around to asking you about them—Euro-pacifism, that the people in those parades talk, "United States, what does it stand for? aid to Pakistan, military; aid to Salvador, military aid; AWACS; "Bright Star." "America's answer to all problems," say the critics, "is a military thrust."

A. Of course, nothing could be farther from the truth. We weren't talking military thrust at Cancun. We managed to go down there, and the President preserved his principle. And yet he managed to reflect a constructive, sensitive concern for the agonies of the developing world. He went down there with a full menu of specific steps that we could take to deal with them. That isn't the sole thrust of America's foreign policy, in no way.

The issues in Europe are not the issues you're talking about. The issues in Europe are religious and nuclear-based, first and foremost, and are complicated by some very grievous economic problems which add to the anxiety of the people who bear these concerns.

Q. But haven't we aggravated some of those problems with some of the rhetoric?

A. Yes, I think so.

Q. There were rhetorical things.

A. Yes, but it's not the cause of them; it does aggravate them. But let's recall also that they were far more aggravated during the period when we seemed to have detached ourselves from international responsibility, when we couldn't get our economic house here in order.

Q. Or when we asked them to get the neutron bomb—

A. And when we were pursuing ephemeral piety and assuring those aspects of our nationhood which involved the application of national power.

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[1] Press release 363 of Oct. 30, 1981. ■

Secretary Addresses Editors and Broadcasters Conference

Secretary Haig made brief remarks and had a question-and-answer session with those attending the National Foreign Policy Conference for Editors and Broadcasters at the Department of State on October 29, 1981.[1]

I'm very pleased to have this chance to meet with you briefly this evening.

I noticed in the last 24–48 hours again some questions about our foreign policy. I understand that Fritz Mondale has renamed it the Stealth doctrine. [Laughter] He insists that you can't see it, it's invisible, but it still bombs. [Laughter]

As I've said around town here for the last week, I'm addressing you tonight fresh from what is perhaps my most important diplomatic triumph—maybe my only one over the last 10 months. I want you to know that I managed to successfully fly to Cairo with three ex-Presidents and the towering ego of Henry Kissinger in an airplane with only one first-class cabin. I solved it through great diplomatic skill. I took the first-class cabin. [Laughter]

Whenever my ego soars, it's rapidly plummeted back to Earth because when I got back from Cancun on Saturday night and walked through the living room, I noticed that Archie Bunker was on the television. He was talking to the young waitress in his bar, pointing out that they needed a new waiter, and she said: "What criteria are you going to use to hire him?" He said: "First I'm going to ask him: 'Have you ever been arrested?' Then I'm going to ask him if he's ever been fired. And finally I'll ask him if he's ever voted Democrat." And the waitress responded: "Who are you looking for—Alex Haig?" [Laughter] Archie replied: "Don't be making no smart remarks about a man like that who handles da' English language so beautiful, who is sometimes da' President." [Laughter]

I did want to say a few brief things to get your juices flowing, and that is to suggest that President Reagan does, indeed, have a foreign policy, and, like any sound foreign policy, it is built on a bedrock of American values and ideas. It is designed to structure an international environment that is hospitable to those American values and ideals—and especially the freedom and dignity of the individual. It is a foreign policy that recognizes that policies that forsake ideals with exclusive preoccupation on subjective national interests offends America's sense of right.

On the other hand, it is a policy

This section illustrates the history and achievements of international development assistance. Commonly known as foreign aid, development assistance takes the form of capital transfers, technical assistance, food or other commodity shipments, and special budgetary aid. Aid provided by international agencies with funds contributed by many governments is termed multilateral assistance, while that given by a single government through its own foreign aid channels is called bilateral. The total flow of resources for development purposes also includes private loans and investments.

Foreign aid started after World War II as a largely U.S. effort. The wartime hopes for prosperity and peace depended on reviving war-damaged economies and raising standards of living worldwide. The first comprehensive initiative was the Marshall plan for European recovery launched in 1947. Two years later President Truman announced "a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas." The current international effort took shape in the 1960s. In 1961 the U.S. Congress created a new agency to administer U.S. foreign aid—the Agency for International Development. Other countries—the U.S.S.R. as well as former Marshall plan participants—were now providing development assistance. The Organization for Economic Cooperation and Development (OECD) had begun its effort to coordinate and improve Western aid to developing countries. And in 1961, by a U.N. General Assembly resolution, the 1960s became the first U.N. development decade.

Although some aid is given to European countries, most development assistance goes to the more than 120 developing countries of Asia, Africa, and Latin America—the Third World. These nations vary widely in size, physical resources, and political experience, but they are all striving to overcome disadvantages that have kept them below the level of development achieved by Europe, North America, and Japan.

In this section of the atlas, developing countries include all non-European countries that have received assistance from OECD members or international development agencies. Thus, the centrally planned and Soviet-oriented economies of Cuba, Laos, and Vietnam, as well as Kampuchea are listed along with developing market economies. Israel and China are not included in this list. Although Israel is an aid recipient and China was put on the OECD list of developing countries in 1980, neither is a member of the developing countries' economic negotiating organization, the Group of 77.

This atlas is compiled and written in the Bureau of Public Affairs by Harry F. Young and edited by Colleen Sussman.

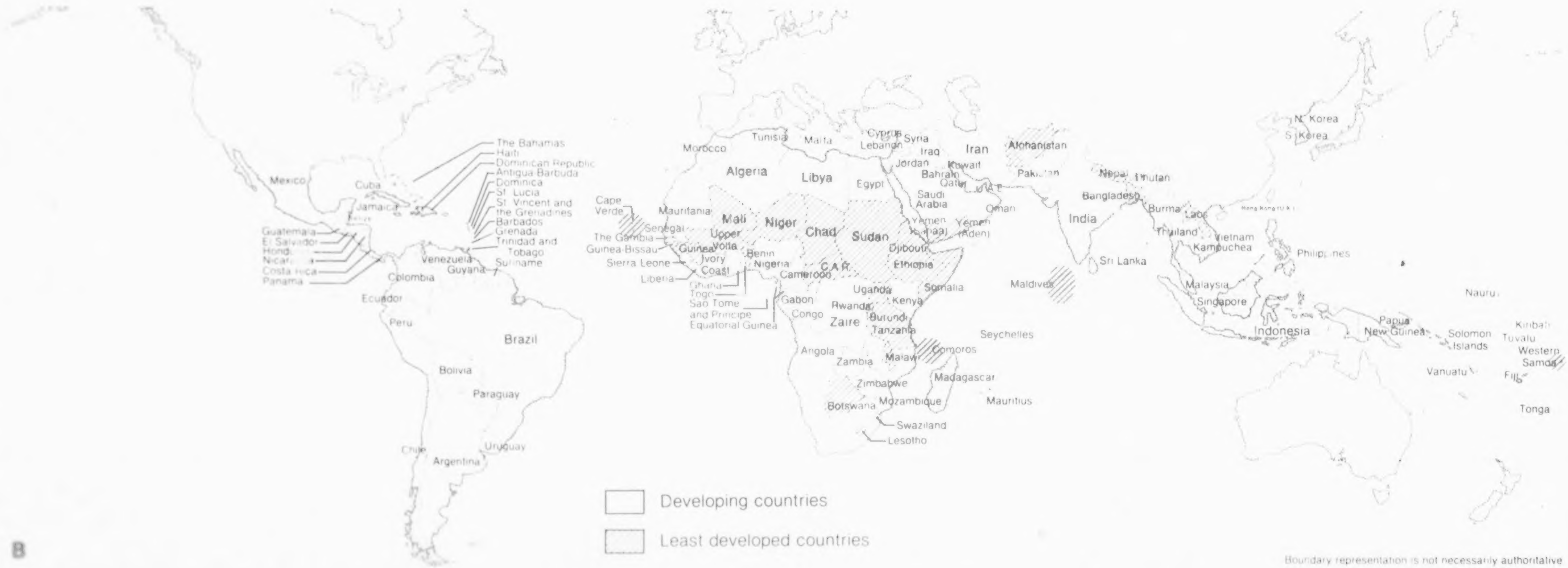
Developing and Least Developed Countries

Developing countries are often divided into subcategories based on income level or stage of industrial development. In 1975 the United Nations established the category of the least developed—a group characterized by the exceptionally small size of gross national product and manufacturing sector as well as a low literacy rate. These are mostly land-locked states or isolated islands, and many have limited physical resources and a declining population due to emigration. The least developed countries are the major targets of development assistance in the 1980s.

Developing Countries

(Least developed countries are shown in boldface.)

Afghanistan
Algeria
Angola
Antigua-Barbuda
Argentina
The Bahamas
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Botswana
Brazil
Burma
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Comoros
Congo
Costa Rica
Cuba
Cyprus
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
Equatorial Guinea
El Salvador
Ethiopia
Fiji
Gabon
The Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hong Kong
India
Indonesia
Iran
Iraq
Ivory Coast
Jamaica
Jordan
Kampuchea
Kenya
Kiribati
North Korea
South Korea
Kuwait
Laos
Lebanon
Lesotho
Liberia
Libya
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nauru
Nepal
Nicaragua
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Qatar
Rwanda
St. Lucia
St. Vincent and the Grenadines
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Solomon Islands
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Tuvalu
Uganda
United Arab Emirates
Upper Volta
Uruguay
Vanuatu
Venezuela
Vietnam
Western Samoa
Yemen (Aden)
Yemen (Sanaa)
Zaire
Zambia
Zimbabwe



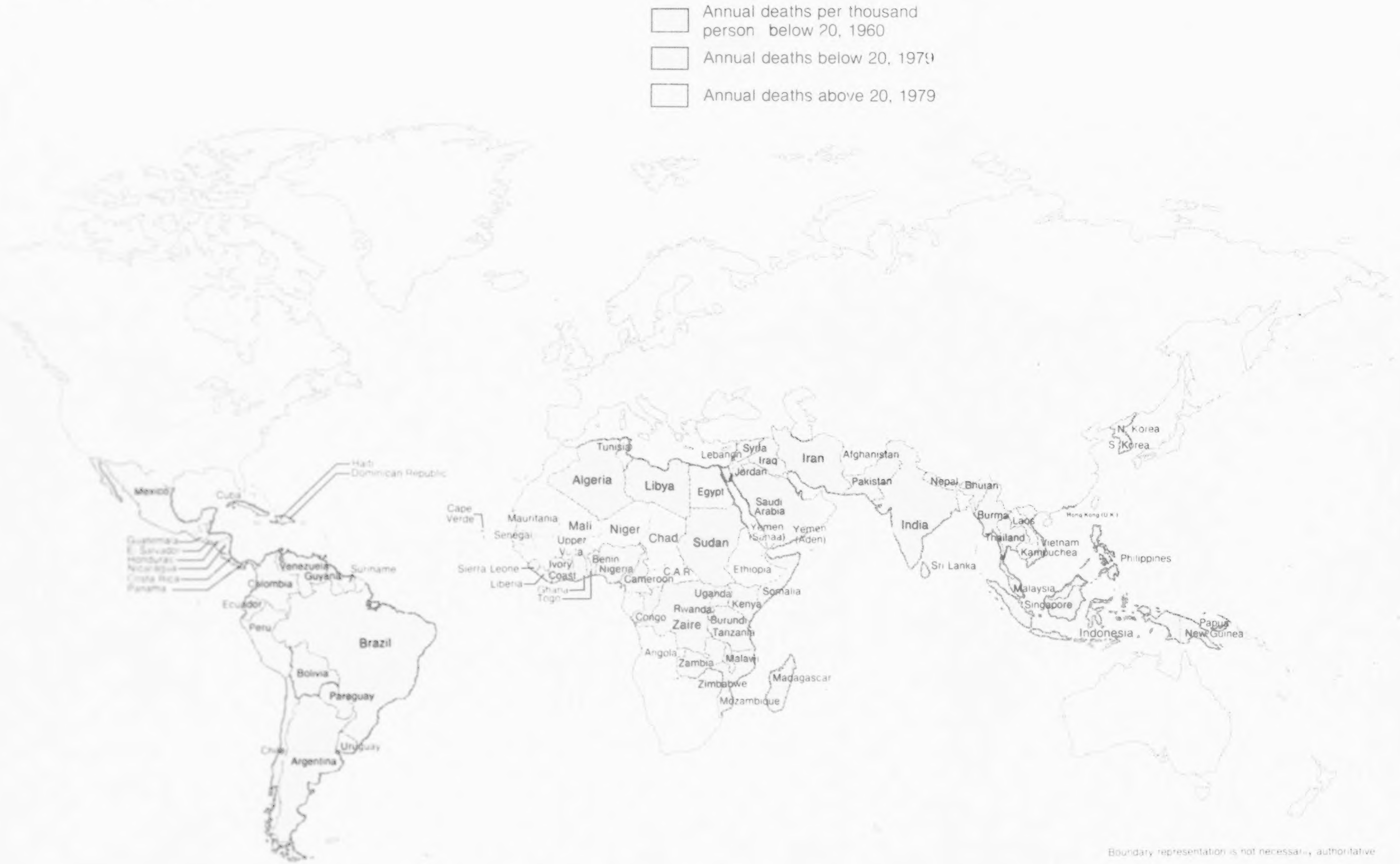
Mexico
Cuba
Jamaica
Belize
Guatemala
El Salvador
Hond.
Nicar.
Costa Rica
Panama
The Bahamas
Haiti
Dominican Republic
Antigua-Barbuda
Dominica
St. Lucia
St. Vincent and the Grenadines
Barbados
Grenada
Trinidad and Tobago
Suriname
Guyana
Venezuela
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Cape Verde
Mauritania
Senegal
The Gambia
Guinea-Bissau
Guinea
Sierra Leone
Liberia
Ivory Coast
Upper Volta
Mali
Ghana
Togo
Benin
Nigeria
Sao Tome and Principe
Equatorial Guinea
Morocco
Algeria
Tunisia
Malta
Libya
Niger
Chad
Cameroon
C.A.R.
Gabon
Congo
Zaire
Angola
Zambia
Zimbabwe
Botswana
Mozambique
Swaziland
Lesotho
Malawi
Tanzania
Burundi
Rwanda
Uganda
Kenya
Somalia
Ethiopia
Djibouti
Sudan
Egypt
Comoros
Madagascar
Seychelles
Mauritius
Cyprus
Lebanon
Syria
Iraq
Jordan
Kuwait
Bahrain
Qatar
Saudi Arabia
U.A.E.
Oman
Yemen (Sanaa)
Yemen (Aden)
Iran
Afghanistan
Pakistan
India
Maldives
Sri Lanka
Nepal
Bhutan
Bangladesh
Burma
Laos
Thailand
Vietnam
Kampuchea
Hong Kong
Philippines
Malaysia
Singapore
Indonesia
N. Korea
S. Korea
Papua New Guinea
Nauru
Solomon Islands
Vanuatu
Kiribati
Tuvalu
Western Samoa
Fiji
Tonga
☐ Developing countries
▨ Least developed countries
Boundary representation is not necessarily authoritative

Death Rate Reduction in Developing Countries, 1960–79

The declining death rates that all developing countries experienced after 1960 are due primarily to improvements in public health and sanitation as well as nutrition. In 1979 most developing countries had an annual death rate of less than 20 per thousand persons. By comparison, the U.S. death rate declined from 9.5 in 1960 to 8.9 in 1975.

Declining death rates combined with continued high fertility in many places are responsible for the rapid population growth in developing countries in the past 20 years.

Source: World Bank, *World Development Report* (1981). No data is available for developing countries not included on map.



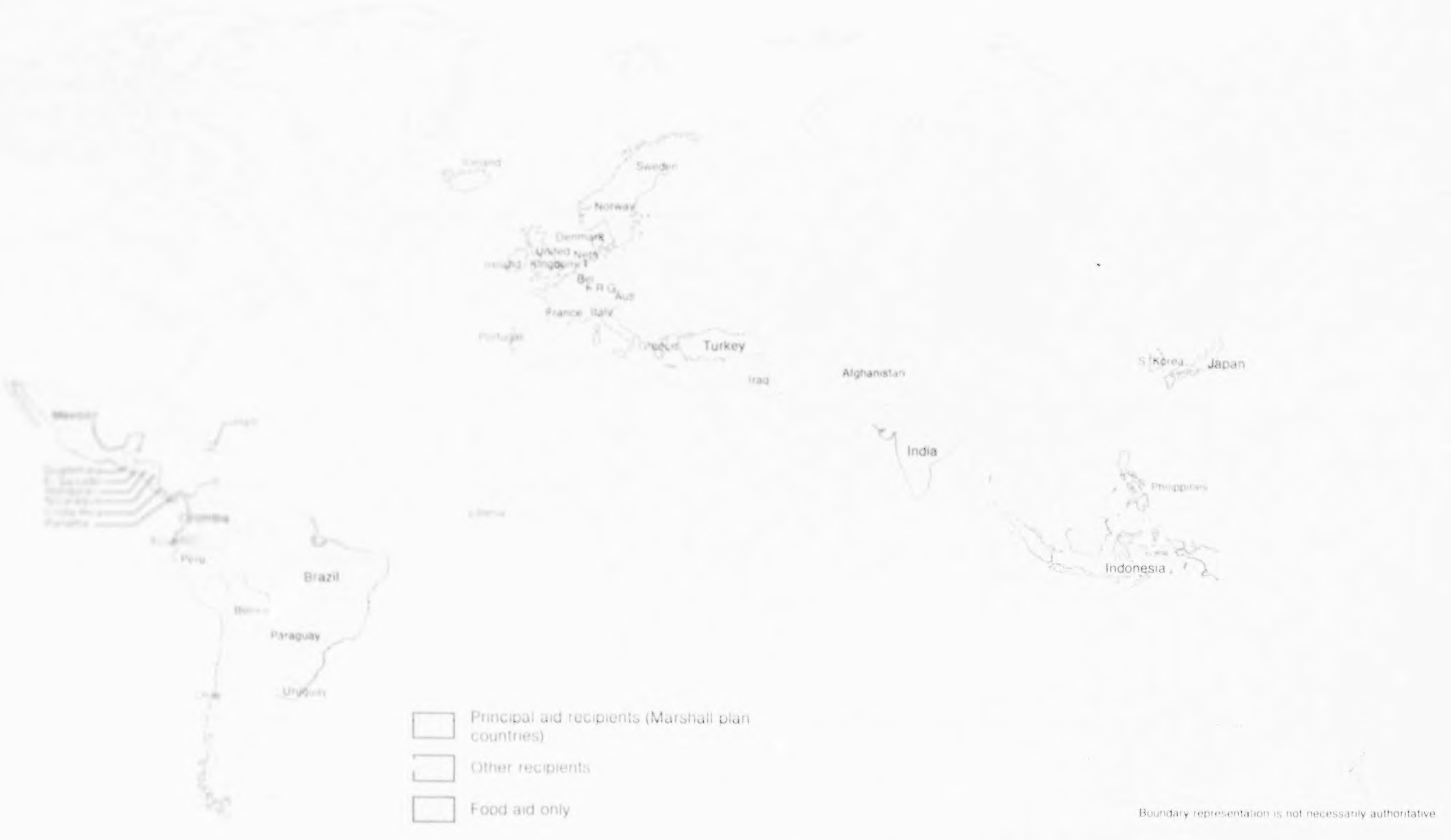
☐ Annual deaths per thousand person below 20, 1960
☐ Annual deaths below 20, 1979
☐ Annual deaths above 20, 1979
Mexico
Cuba
Haiti
Dominican Republic
Guatemala
El Salvador
Honduras
Nicaragua
Costa Rica
Panama
Venezuela
Guyana
Suriname
Colombia
Ecuador
Peru
Brazil
Bolivia
Paraguay
Chile
Argentina
Uruguay
Cape Verde
Mauritania
Senegal
Mali
Upper Volta
Sierra Leone
Liberia
Ivory Coast
Ghana
Togo
Benin
Nigeria
Niger
Algeria
Tunisia
Libya
Egypt
Chad
Sudan
C.A.R.
Cameroon
Congo
Zaire
Angola
Zambia
Zimbabwe
Mozambique
Malawi
Madagascar
Tanzania
Burundi
Rwanda
Uganda
Kenya
Somalia
Ethiopia
Lebanon
Syria
Iraq
Jordan
Saudi Arabia
Yemen (Sanaa)
Yemen (Aden)
Iran
Afghanistan
Pakistan
India
Nepal
Bhutan
Sri Lanka
Burma
Laos
Thailand
Vietnam
Kampuchea
Hong Kong (U.K.)
Philippines
Malaysia
Singapore
Indonesia
Papua New Guinea
N. Korea
S. Korea

Boundary representation is not necessarily authoritative

U.S. Bilateral Economic Aid, 1950

In 1950 the United States was providing economic assistance to nearly 50 countries. The bulk went to European nations taking part in the European Recovery Program (Marshall plan) initiated in 1947. The Point IV program of intensified assistance to developing countries was in its infancy. U.S. economic aid in fiscal year 1950 totaled $4.8 billion—2% of U.S. gross national product.

Note: In 1950 most African countries were under colonial rule.


Mexico
Haiti
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Aus
France
Italy
Portugal
Greece
Turkey
Iraq
Liberia
Afghanistan
India
S. Korea
Japan
Philippines
Indonesia
Principal aid recipients (Marshall plan countries)
Other recipients
Food aid only

Boundary representation is not necessarily authoritative

U.S. Trade and Foreign Policy

Statements by Myer Rashish, Under Secretary for Economic Affairs, and Robert D. Hormats, Assistant Secretary for Economic and Business Affairs before the Subcommittee on Trade of the House Ways and Means Committee on October 29, 1981.[1]

UNDER SECRETARY RASHISH

It is a pleasure to be able to speak to you today on U.S. trade policy. As you know, I feel especially strongly about working with this subcommittee after the years I spent as its staff director. The ambitious scope of these hearings is itself an indication of the growing importance of trade to the United States. The world trading system spins over our entire globe a web of relationships which are both competitive and complementary. This interweaving of interests brings with it numerous advantages, but also, inevitably some problems. Trade policy is thus an integral element of foreign policy. As the Cancun summit graphically illustrates, today's foreign policy is increasingly confronted with economic issues in which trade policy is an inextricable part.

These trade policy issues are of vital importance to every American. At U.S. urging, trade liberalization, economic freedom with an international dimension, characterizes the postwar era in economic relations. We made great progress in the recently concluded Tokyo Round in eliminating many remaining tariff barriers to trade expansion. We now must take advantage of the opportunities presented by reductions in tariffs and elimination of nontariff barriers by effectively promoting American trade. We must also insure that in doing so we safeguard our crucial security interests. We must find ways of assisting the developing countries to utilize more fully the opportunities which trade offers them for rapid progress in development. We must make progress in securing international action to reduce further the nontariff barriers to trade, particularly in the service area. We must face up to the hard problems in particular product areas: textiles, steel, European Communities' (EC) agricultural commodities, automobiles. And we must look behind trade in goods and services to facilitate an undistorted flow of investment among nations.

In considering the growing importance of trade to the United States, it is useful to consider the evolution which has taken place. Trade has, of course, always been important; indeed, taxes on imported tea and a famous tea party in Boston harbor helped to launch us on the path to nationhood. The continental expanse of America has provided a market more accessible and more attractive and more compatible than distant markets overseas. The focus of most of our businessmen for much of our history has been inward, a disposition which became increasingly pronounced in this century.

That focus has changed to an extraordinary extent in the short space of one decade. In 1970 the ratio of U.S. exports to gross national product (GNP) was 4.3%, a percentage still low enough to be considered of marginal importance. Exports have grown since then at an unprecedented pace and have doubled in importance to our economy. Today the ratio of exports to GNP is 8.2%, and that percentage is destined to increase still further in the decade of the 1980s.

What has happened in the United States has happened elsewhere. Countries which were already heavily engaged in trade have become even more so. Countries which by reason of underdevelopment or large internal markets were minor trading nations have become trade oriented. Indeed, except for the poorest nations, virtually all countries have seen trade become of substantially greater importance to their economic growth and well-being with their exports generally equal in value to 20% to 50% or more of their GNP.

The rapid growth in world trade brought with it not only unprecedented prosperity but also specific problems of adjustment. Our exports are someone else's imports, just as theirs are for us. But when we are confronted with domestic problems arising out of rapid import growth, as we have been recently, it is well to remember that the overall story is one of rapid growth in both the export and the import side of our trade package.

In effect, what is happening in the world economy today—slowly, unevenly, hesitatingly—is a repeat of U.S. history of 200 years ago. Restrictions on trade provide short-term advantages; in the long run they retard growth. A continental trading economy is more efficient and more productive than one composed of numerous states; a world trading economy is more efficient yet. By 1979 the average tariff levels in the developed countries stood at 10.6%, a dramatic drop from postwar levels. The cuts agreed to in the Tokyo Round of multilateral trade negotiations will further reduce tariff levels to 4.5% by 1987. Though the world is not yet one market, we have progressed farther toward that goal than would have seemed possible 35 years ago.

It is evident, I believe, that all the agencies concerned with trade policy agree on its importance and on the need for continuing liberalization of the world trade system. The special role of the Department of State is to mesh our trade and economic interests with our foreign policy. Our role is based on a belief that unless our trade policy and foreign policy develop in tandem, neither will achieve its objectives. It follows from this that the State Department is actively involved both in formulating our approach to the trade policy issues we believe will loom large in the coming years and in devising and implementing measures to resolve our problems with particular countries. We pay especially close attention to the settings in which we deal with other countries in pursuing our trade interests, whether multilateral forums for consultations such as the Organization for Economic Cooperation and Development (OECD), the bilateral economic commissions we have with many countries, or special meetings dealing with topics requiring particular attention, such as the recent summit at Cancun and at the September U.N. Conference on the Least Developed Countries in Paris. From the nadir of protectionism in the 1930s, we have successfully moved to our present relatively open world trading system by recognizing that trade liberalization is an incremental process in which an appropriate political climate in the relevant fora can be as important as the underlying economic realities.

Among the major areas of foreign policy/trade policy interaction are East-West trade; trade relations with the developing countries and integration of the developing countries into the world trading system; nontariff distortions and barriers, where progress will require multilateral efforts; and problems of food and agricultural trade.

East-West Trade

East-West trade involves both strategic and trade considerations. This Administration is determined to insure that economic relations with the East are consistent with broad U.S. political and strategic objectives. The importance that the Administration has placed on a review of economic relations with the Communist world has been reflected in the creation of a senior interdepartmental group on East-West economic matters. I have chaired several meetings of this group which have dealt with such questions as COCOM [Coordinating Committee for East-West Trade Policy] controls and Western dependency on Soviet energy sources.

In the trade field as in the political sphere, there are important differences among the East European countries. Not only are they at differing levels of economic development but some are more open to international trade than others. Continued economic ties between these countries and the United States and the rest of the world can be in our interest, particularly to the extent that these ties serve to reinforce the East's stake in the orderly functioning of the world economy and to encourage these countries to engage in responsible international behavior. However, we must be vigilant in insuring that this trade does not damage our own security.

In carrying out an East-West trade policy compatible with our political and security objectives, we must work closely with our allies. The United States does not have a monopoly in most areas of high technology and our policies must be coordinated with those of our allies in order to be effective. The COCOM high-level meeting agreed to at the Ottawa summit is an important step in this direction. We need to achieve a common perception of the balance between security and commercial interests for the Western allies as a whole.

The problems of fair trade are peculiarly difficult to deal with in the case of these countries—as the concepts of dumping and subsidies have no place internally in an administered price system—but we must administer U.S. laws in this area. Yet at the same time, some have moved toward instituting a genuine pricing system and effective tariffs; four are members of the General Agreement on Tariffs and Trade (GATT). This requires that we make every effort possible to tailor our approach to the individual country.

China

We are also witnessing the emergence of China as a growing factor in world trade. China's exports increased from $8 billion in 1977 to over $13.5 billion in 1979. China's imports grew even more rapidly from $6.6 billion to $14.7 billion. China's expanded role in world trade poses challenges and opportunities for the world trading system and for U.S. businessmen and policymakers. U.S. exports to China in 1980 were $3.7 billion, or approximately half our total exports to all Communist countries. As China expands its trade relations with major trading nations, integrating China more fully into the international trading system will be deserving of careful attention.

Developing Countries

With respect to the developing countries, this Administration is deeply committed to the effort to assist these countries in their development efforts. The President's speech in Philadelphia earlier this month spelled out eloquently the complexity of development. It seems evident that trade is one of its major driving forces. Indeed, one might almost go so far as to say that the route to development has been trodden most successfully by a handful of countries which have emphasized trade and that it is the product of an open trading system and internal policies which make it possible to capitalize on an open trading system. We have a strong record in maintaining an open market. The developing countries supply 44% of our imports and buy 37% of our exports. Even if one excludes OPEC, the shares are still high—26% of our imports and 29% of our exports. This is the most dynamic export market we have.

As you know, I returned a few days ago from Cancun, where President Reagan participated in one of the most impressive gatherings ever held of heads of state and government from developed and developing countries. The meeting had been intended as an opportunity for a serious and realistic discussion of the problems of development without the posturing which so often accompanies highly publicized international meetings. I believe we can take great satisfaction in having achieved this goal.

The President had private discussions with all the developing country leaders present at Cancun. I believe that these meetings and the President's participation in the plenary sessions have done much to dispel the notion that the United States lacks a positive approach to development.

The plenary sessions focused on four specific issues: on food security and agricultural development, energy, money and financial questions, and trade. The discussion on trade took note of the importance of trade and industrialization in the development process. Several participants laid particular stress on price stabilization for international commodities. Many, including ourselves, looked to the proposed GATT ministerial in 1982 as a forum for addressing the trade problems of developing countries in a pragmatic way. The role of the generalized system of preferences (GSP) was favorably cited. We underlined the benefit the developing countries receive from our very open market.

In the trade area we are working in a number of areas to follow up the constructive proposals which emerged from Cancun.

- In our preparations for the GATT ministerial, we intend to give a prominent place to issues affecting trade with developing countries. Our goal is a more integrated and better disciplined international marketplace in which access to export markets for all countries is improved. The proposed negotiations on a safeguards code are one area in which we and the developing countries share similar concerns. We also share their eagerness to see GATT expand its effort to reduce nontariff barriers.
- We plan to consult extensively and in depth with developing countries on the GATT ministerial. Our goal here is twofold. First, we believe that such consultations are essential if the meeting is to succeed in pointing us toward mutually beneficial solutions to the world's trade problems. Second, we believe that it would strengthen both the GATT system and the developing countries' trade potential for them to become more actively involved in the GATT process.
- The Administration intends to seek an extension of GSP. This program is relatively modest in relation to our total trade—3% of our imports come in duty free under GSP or about 12% of

these aims we must combine perseverance, firmness, and strength. As part of this effort, we need to reverse years of neglect and respond to the Soviet military buildup by strengthening our own conventional and strategic posture. We must also leave no doubt, through word or deed, of our commitment to the indivisibility of our security. As the dual decision on theater nuclear forces and our continuing stationing of large numbers of American troops in Europe clearly demonstrate, any attempt to "decouple" Western Europe from the United States is doomed to failure.

Ours is a policy of reasonable strength; it is not a policy of confrontation. Through it we seek a stable peace, not the "naked, poor and mangled peace" of which Shakespeare wrote. Secretary Haig has made it abundantly clear that we offer the Soviet Union a broad relationship of mutual benefit.

- We see the extensive talks in New York last month between Secretary Haig and Foreign Minister Gromyko as the beginning of a process which could lead to this new relationship.
- We seek to resolve outstanding regional conflicts and reduce tensions which are costly to all of us.
- We seek balanced and verifiable arms control agreements, which we hope the TNF talks, set to start November 30, and the strategic arms talks, which should begin during the first half of 1982, will produce.
- We offer the benefits of greater East-West trade in nonstrategic goods.

We are committed to making this more stable relationship a reality. But to realize these goals, the Soviet Union must play its part. We no longer wish to live with a kind of double standard in which Soviet pronouncements of peaceful intent are contradicted by its actions in the real world.

To sum up this portion of my remarks, I wish to emphasize two things:

First, our commitment to the defense of Europe is firm and unshakable. Those tempted to doubt this should reflect on the significance of the presence of our troops in Europe. It is an earnest of our commitment which has endured over a quarter of a century. They should also reflect on the significance of the indivisibility of alliance security. U.S. strategic forces are the ultimate guarantor of European security, and our nuclear strategy—a key component of our overall deterrent strategy of flexible response—is to convince any aggressor that the use of nuclear weapons in Europe could not reasonably be limited to Europe. Indeed, we and our allies adopted the December 12, 1979, TNF modernization decision in order to strengthen the link between U.S. strategic forces and NATO's conventional forces and in order to disabuse the Soviet Union of any hopes that it might regionalize a nuclear conflict in Europe. To claim that the United States would seek to limit a nuclear war to Europe is outright deception. Thus, there are a continuity and solidity to our commitment which provide a firm basis for trust and confidence in us as partners and reliable allies in any circumstances.

Second, we are not rigid and confrontational toward the Soviet Union. We follow a policy of realism, determined to be strong enough, together with our allies, to protect our common interests, but determined also to spare no effort to carry on a dialogue with the Soviet Union and to seek a reduction in arms to the lowest level compatible with the principles of stability and balance.

Dealing with the World Beyond

The treaty establishing the Atlantic alliance defines the geographical area in which its security guarantees are effective. But we as allies have recognized from the start—and recent tragic events in Egypt have demonstrated once again—that developments beyond the treaty area are relevant to our well-being. In fact, it has been a cliche that the Western countries have shifted their concentration from Europe and toward Third World and global issues. This was always only a partial truth. But to the extent that it was true in part it was not because Europe and its problems had become less important. It was because Europe, for most of the past three decades, was reasonably well-stabilized by the deterrence provided by the Atlantic alliance.

Moreover, the focus on the world beyond does not represent a total change in perceptions. We tend to forget the attention we have given over the years to regions such as East Asia and the Middle East and to the range of issues created by the process of decolonization. The last Arab-Israeli war and the ensuing petroleum embargo, the economic distress suffered by most Western countries in the 1970s, the Iranian revolution, the Iran-Iraq war and attendant threat to the Persian Gulf, and the escalation of Soviet interventionism in the developing world—all of these underscore the relevance to our security of events far from the treaty area. These facts are well understood in the alliance. But some of the policy issues they pose have strained the framework of alliance cooperation.

In order for us to deal more effectively with such cases, we must develop a common interpretation of the nature of events in the developing world and their implications, as we must also devise appropriate ways in which we can act to protect our interests and our values.

It is precisely at the level of perception that we should broaden the alliance consensus on problems beyond the treaty area. We must, without exaggerating the extent and success of Soviet efforts to penetrate the Third World, seek common understandings of the implications for all of us of North-South issues and events in the developing world. Certainly the Soviet occupation of Afghanistan, aside from reinforcing doubts about Moscow's ultimate intentions generally, places the Soviet Union perilously close to the West's oil lifeline in the Persian Gulf. Soviet support for violent change in Africa is an intrinsically disturbing phenomenon. The threat against Poland has been of great concern and a subject of effective consultation among us. And Soviet activities, direct and proxy, in Latin America clearly are aimed at projecting Soviet influence into a region historically beyond Soviet interests.

Of course, more common perception of the nature and implications of such Soviet activity does not guarantee agreement on concerted action. It is all the more important, then, that the West insure that it can draw on a full range of responses, from individual national initiatives by several or more nations to coordinated actions. Such responses may or may not involve military aspects. The important thing is to recognize that Moscow can be deterred only if it is convinced of our resolve and ability to respond.

At the same time we should improve our capacity to concert our efforts in addressing the social, economic, and political conditions in the developing world which create the instability on which Soviet interventionism feeds. This does not mean expanding the treaty area. But it does mean articulating our concerns more effectively, taking the broader security situation into account as we develop our defense and foreign policies, and displaying a readiness to share the burden and risks involved in this effort.

In sum, there is no dearth of challenges facing the alliance: the interrelated challenges of an expansionist Soviet Union and a rapidly changing world. In a very real sense they embody the choice between cooperation and conflict which is the theme of this conference. Cooperation can only be understood in terms of responsibility and mutuality of obligation. The alliance is the *sine qua non* for assuring that others behave in a manner consistent with those principles. We must, thus, be prepared to oppose unacceptable international behavior and provide incentives for moderation and responsibility.

We will always face conflict, but we will be able to manage and isolate conflict to the degree that the alliance is vigorous and creative in meeting, and anticipating, the challenges of the 1980s—whether they emanate directly from the Soviet Union or come in less clear-cut ways in a variety of far-off places.

Any human endeavor must, in the last analysis, be judged by the challenges it accepts—by those it overcomes or by those which prove too much for it. By this standard, the Atlantic alliance is not only historically unique, it is singularly successful, having afforded Europe its longest period of peace and prosperity in the 20th century. The challenges which confront us today are no less difficult than those which the alliance has met since its inception; in many respects they are even more sobering. But if we face them with the creativity, the determination, and, if necessary, the sacrifice we have demonstrated in the past, we are certain to prevail.

The Reagan Administration reflects the renewed self-confidence and clarity of purpose of the American people. We call on our friends in the Atlantic enterprise to join us in reaffirming these shared purposes. We call on you to join us in renewing our dedication to work through the alliance for that restraint and responsibility on which a new era of genuine international stability and progress depends. ■

NATO Nuclear Planning Group Meets in Scotland

Secretary of Defense Caspar W. Weinberger represented the United States at the NATO Nuclear Planning Group meeting held in Gleneagles, Scotland, October 20–21, 1981. The following final communique was issued on October 21.

1. The NATO Nuclear Planning Group (NPG) held its thirtieth ministerial meeting at Gleneagles in Scotland on 20th and 21st October, 1981. Ministers discussed a wide range of security matters involving nuclear weapons and arms control, including the status of nuclear forces of NATO and the Warsaw Pact, NATO's theatre nuclear force posture and progress in the implementation of the December 1979 two-track decision on long-range theatre nuclear force modernization and arms control.

2. Ministers affirmed that the strategy of deterrence is the surest way of preserving peace. This strategy is working today as it has worked for the last thirty-six years. Ministers recalled that this strategy is based on maintaining adequate forces to convince any potential adversary that the risks involved in initiating aggression against NATO would be out of all proportion to any conceivable gains. To be effective a deterrent must be credible; thus, NATO must be seen to have both the capability to respond effectively and the will to use that capability. In view of the existing Soviet threat and the need to avoid the danger of Soviet miscalculation, a credible range of forces—conventional theatre nuclear and strategic—is required for deterrence. Theatre nuclear forces in NATO Europe provide the crucial link between the conventional defence of NATO Europe and the United States' strategic nuclear forces, the ultimate guarantee of Western security.

3. Ministers welcomed a briefing by the United States Secretary of Defense on the recent United States decisions to modernize, to strengthen, and to improve the survivability of its strategic nuclear forces. They expressed their support for the determination of the United States to ensure the deterrent capability of its strategic forces, whose importance to the overall defence of the Alliance is crucial since the full spectrum of the military power of the United States is committed to it. Ministers supported the commitment of the United States to arms control efforts to achieve substantial, balanced and verifiable reductions in strategic weapons. In that connection, they also noted that these United States efforts are intended to maintain an adequate and stable balance of forces at the lowest possible level and do not represent an attempt to achieve strategic superiority.

4. Ministers examined the continuing development of Soviet nuclear power across the spectrum of weapon systems—from strategic missiles to nuclear artillery. They expressed particular concern about the rapid rate with which Soviet nuclear forces are being deployed. In particular, the deployment of the modern SS–20 missile has upset the overall military situation in Europe and has created a potential source of instability and political pressure. Ministers noted that the Soviets have currently deployed more than 250 SS–20 missiles, carrying more than 750 warheads, along with about 350 SS–4 and SS–5 missiles, for a total of more than 1,100 missile warheads altogether. They have also begun to introduce into their operational forces new generations and short and medium-range nuclear missiles such as the SS–21 and SS–22, and large numbers of improved nuclear-capable aircraft. In stark contrast to the overall qualitative and quantitative increase of the Soviet theatre nuclear forces, NATO has not increased the numbers of its warheads; indeed, the United States unilaterally withdrew 1,000 warheads from Europe as an integral part of the 1979 decision.

5. Ministers agreed that recent claims by the Soviet Union that there is currently parity in long-range theatre nuclear forces had no basis in fact. Such figures and ratios as have been quoted by the Soviet Union to back up these claims have been achieved by a process of selective inclusion and exclusion. Regardless of the criteria chosen, any objective comparison between systems of similar operational capabilities reveals a wide and growing disparity of nuclear systems in the European theatre in favour of the Soviet Union.

6. Ministers noted that the trends in Soviet armaments are discussed in a comprehensive public report on "Soviet Military Power" published recently by the United States. They welcomed this report, prepared in response to Ministers' requests at the April 1981 NPG meeting for more information to be made publicly available. This is a useful contribution towards informing the public about the realities of Soviet nuclear and conventional capabilities. Ministers therefore also welcomed the fact that a report will be prepared within the Alliance as soon as possible, which would compare, for the information of the public, NATO and Warsaw Pact forces.

7. Ministers noted with concern that the imbalance in long-range theatre nuclear forces has not only continued but has worsened. Against this background they emphasized that NATO will continue to move ahead with the December 1979 two-track decision on long-range theatre nuclear force modernization and arms control and took stock of progress on the implementation of both aspects.

8. With regard to the modernization aspects, Ministers noted the significant progress both in the development of Pershing II

Egypt, and resume a more constructive association?

A. I wouldn't describe their relationship as hostile at this point. I think it's somewhat estranged. And I think that's up to the two parties to recognize the desirability of recreating a normal dialogue. I do not expect this will be too difficult in the weeks ahead.

Q. In the weeks ahead? Do you see something like that underway now?

A. Now don't hold me to weeks, moments—

Q. Well, months?

A. Or months. Yes, I—

Q. Do you see the possibility?

A. I see a very strong possibility because of a convergence of strategic outlook and mutuality of interests between the two regimes. There are difficulties with the Camp David process. Some of that was attributable to American style at the time, a lack of perhaps the kind of consultation that might have been—might have eased some of these tensions. But in any event, we're there, and we would welcome a closer rapprochement.

Q. Let's take a look at this area over the past couple of years. The Shah toppled; President Sadat assassinated. Question: Is it fatal in the Middle East to be a friend of the United States?

A. I suppose one could ask that question, but one might look at other parts of the world and find similar incidences and circumstances. I think what it underlies is the importance of demonstrating that it is not fatal to be an ally of the United States, and that means we Americans are going to have to continue a leadership role in this area. We're going to have to contribute to the security of threatened nations by the provision of economic and military support. We're going to have to show our presence here from time to time.

Q. Yes. But you know that's just the feeling that here in Egypt, for example, there is a sense that the United States has not done enough; that it did not do enough when the Shah fell; that in fact it has not been visible enough in the Middle East; that there is not a sense of American determination and resolve. Now you talked today about the United States working more actively. Can you give us any examples of active, visible involvement post-Sadat in this area?

A. Of course, I can. And as a matter of fact, that's some of the topics that we've been discussing during this visit. They involve—

Q. And some of them we've been pressing you to get on the record.

A. —a very expensive exercise which will take place this coming month, which involves U.S. forces working in collaboration with Egyptian forces, forces of some of the gulf states, and then a highly increased U.S. presence for those exercises. Now all of this is a sign of reassurance. And, incidentally, our diplomacy since President Reagan has been inaugurated has underlined this dramatically. And I think most of the leaders have been encouraged by it.

Q. Do you have anything to say, since you seem to be hinting at it just a moment ago, about a report that the B-52s would be used in an exercise in Egypt next month in which live bombs will be dropped?

A. I can't testify to the dropping of live ordnance. I think—

Q. I'm not talking about—

A. —we are looking at a number of options that might include reinforcement of the region by B-52 and other type aircraft and the presence of American forces in this region in a live exercise in which they would work in conjunction with the forces of the Government of Egypt and perhaps other nations, as I mentioned, Oman. We will be involved in a very extensive exercise in the period ahead, in the very near future.

Q. As President, President-soon-to-be Mubarak indicated to you specifically that while pursuing the Camp David peace process that he would like to develop better relationships with such Arab countries as Saudi Arabia and Jordan than President Sadat enjoyed?

A. I think it goes without saying that our Egyptian friends have always felt that they were part of an Arab family of moderate Arab nations, and they are most comfortable when their relationships with their Arab brothers are complete and natural. And we have no objection to this from the viewpoint of American policy. And I would anticipate it will occur in the months ahead, as I said.

Q. Has President Mubarak specifically talked to you along these lines?

A. No, no, he wouldn't presume to do that. I know that this is an Arab matter. It's not a matter for the United States to interpose itself into. On the other hand, I think the historic trends are inevitable.

Q. Have you talked while in Cairo with Prime Minister Begin or with Mr. Mubarak or others about the AWACS [airborne warning and control system] airplane deal, the sale of AWACS planes to Saudi Arabia? And, if so, have your conversations shed any new light on this controversy?

A. First let me say this. There's hardly an Arab leader that I've spoken to during the brief time I've been here in Egypt—and that includes Egyptian officials, officials from other Arab states who attended the funeral—all have expressed their grave concern that the U.S. Congress may not support the President in this important issue. And I may add, our European friends—I spoke to the foreign ministers, the heads of states and governments of our Western European partners—and they too expressed their great sense of alarm that this important issue might not go through successfully.

Q. Has Prime Minister Begin changed his view in the least?

A. No, I think not, and I don't think he should. After all, he has to express the viewpoint of the Government and the people of Israel. He has a right and, indeed, an obligation to express concern when any additional sophisticated military equipment is provided to an Arab state. But his responsibilities are not American responsibility. Ours are broader. And we must address it from a purely American point of view.

Q. Is the United States going to do anything now rapidly to demonstrate support for the new Egyptian Government, say by speeding up arms deliveries or changing the economic aid package?

A. We have two military—political and military teams in the area right now. One's on its way to the Sudan, where we are looking for a step-up of deliveries of American equipment to this threatened nation. We are also conducting a series of discussions here with the Egyptian defense officials. Secretary [of Defense] Weinberger had discussions with the minister of defense yesterday. He was part of our delegation, having returned to Washington before I did. This will involve the coordination of exercises that I talked about and assessments of whether military equipment deliveries can be stepped up in the light of the post-Sadat situation.

Q. The Egyptian base at Ras Banas on the Red Sea has figured prominently in our thinking about a rapid deployment force for the Middle East. Mr. Sadat, as I understand it, always said that was a facility we could use but he left it to what they called the shake of the hand. Is there going to be any more formal agreement about that? Are we going to be able to use that facility with the new leadership?

A. I think all of these offers for the use of Egyptian facilities—Ras Banas, other facilities which we, incidently, are using today—will continue to be made available, and we've been assured of that by the new government. And what we are talking about is we are not going to seek to establish bases as such here, but facilities will be made available for the use of American forces when required.

Q. Now that you've had a chance to look at the situation on the ground, do you see a serious danger of any conflict between Egypt and Libya or between Libya and the Sudan which could involve wider conflict, get us involved?

A. I think it doesn't serve any useful purpose to prognosticate about what will involve American interest. I do think that the situation—especially in the Sudan, which has been threatened by internal subversion and a certain degree of external growth in tension with Libya—is a matter of concern not only to Egypt but to all of us, just as the Libyan invasion of Chad was a matter of concern and should continue to be a matter of concern to the United States and all of the African states, which are equally threatened.

Q. Do you see the possibility of conflict between Egypt and Libya?

A. I don't anticipate such an outcome but one that observes recent Libyan activity—both in the subversion area and in the overt area, as we are witnessing in Chad—has to have his nerve ends tingle a little more than has been the case in the past.

Q. Is the step-up of deliveries to Egypt and the possiblity of a step-up of military deliveries to other—Sudan, Oman, perhaps—does that suggest a concern on the part of the United States that hostilities will break out and this is the kind of supplies that Egypt requires?

A. I think there are several aspects to a precise answer to your question. I think we have just lost an unusual leader in the region and worldwide. And then on such occasions it behooves all of us with interest in the region to reaffirm that interest by concrete manifestations of it. In addition to that, there are signs of increasing Libyan activity and threats to peaceful nations in the region. And both of these things converge today to make these actions appropriate.

Q. You warned once again today, as you did last week at your news conference about outside intervention in this post-Sadat situation, as you call it. You're really talking about Russia, aren't you?

A. As someone on my staff said the other day, if the shoe fits wear it. And, of course, we're talking about Russia. There are questions always as to what degree Libya represents a client-state relationship with the Soviet Union. The simple facts are: It is Soviet armaments which are today being moved in unprecedented numbers into Libya. This armament base has been created for some reason. And those of us who are seeking peace and stability are concerned that they far exceed the needs or the manning capability, for that matter, of the Libyan people.

Q. Do you believe the Soviet Union is now engaged in a mischief-making role?

A. One might describe it in a number of ways, some more benign, some less benign. The simple facts are that Soviet interventionism in the Continent of Africa in recent years since the Angolan adventure has grown, has not declined.

Q. While you were talking with the Egyptian foreign minister a few hours ago today, an Egyptian friend of mine made the observation that there was probably more grief in the United States than here in Egypt about the assassination of President Sadat. Do you have any observations on that?

A. That would be a very difficult judgment for me to make. I've been here for some 48 hours now, and I can assure you that in my discussions with every Egyptian official with whom I've conducted such discussions, with the wives and the families of these officials—as I look on the streets, there is a deep sense of shock at the tremendous loss to Egypt of President Sadat's passing.

Q. Vice President Mubarak has identified himself with the policies of President Sadat. That means that Vice President Mubarak inherits the spectrum of opposition that existed against Sadat. What sort of confidence do you have that Mubarak will survive where Sadat was gunned down?

A. It goes without question that President Sadat's policy—the peacemaking process, rapprochement with Israel—was a controversial policy in many Arab states and especially among the fundamentalist movement. I'm very pleased to say that the Vice President has dedicated himself to continuation of those policies. That means that the areas of resistance or opposition will continue. But it doesn't mean that they are so extensive that they are not well within the capabilities of the Egyptian Government to keep them under control.

Q. Earlier today you said that the United States intends to work actively with our friends in the region and foremost among these is the Government of Egypt and the people of Egypt. That's raised questions about whether you had intended in any way to downgrade the U.S. relationship with Israel, and you might use this opportunity to be able to sort it out.

A. No, not at all. The American relationship with Israel is a historic and longstanding one. Our commitment is clear, unequivocal, and unchallengeable. And I see no circumstances under which the firmness and the dedication of that commitment would be lessened one iota.

Q. To some extent you may have answered this question, but let me get at it in a different way. I think the American people are worried about Egyptian stability, about the leadership of Vice President Mubarak, and about continuity of Egyptian policy. Do you feel more hopeful, more confident in these areas having been in Cairo and talked to these world leaders the last few days than you did a few days ago?

A. Absolutely, although I must say

In his statement, Ambassador Enders reviewed many of the ingredients of the policy. It should be clear that the Administration cannot have an arms transfer policy based on global abstractions. Rather, U.S. arms transfer policy must be attuned to, and tailored for, the particular circumstances of individual countries and regions.

Soviet Influence

The world we face today is considerably less comfortable from our viewpoint than that of a decade or so ago. The strategic balance is far more precarious, and Soviet conventional military strength has increased relative to our own. Vital American interests are challenged in almost every region of the world as our adversaries continue to seek opportunities to expand their influence and control, usually at our expense and the expense of friends and allies.

- Soviet forces continue to occupy Afghanistan threatening other states in that region.
- Cuban troops in Ethiopia and military advisers in South Yemen threaten U.S. and Western interests in the Arabian Peninsula and the Indian Ocean. Its troops in Angola are complicating a Namibia settlement and peaceful evolution in southern Africa.
- The assassination of Anwar Sadat, a key friend and supporter of peace in the Middle East, added an element of uncertainty to this traditionally volatile region.
- Libyan troops occupy Chad and threaten moderate African states.
- A Vietnamese puppet government still rules in Kampuchea, and Vietnamese forces remain at the Thai border.
- The centerpiece of the Soviet Union's efforts to extend its influence in the Third World has been massive arms transfers to its proxies and allies. These transfers made the Soviet Union the largest arms supplier to Third World countries last year, particularly for major weapons systems. The increase in the flow of Soviet arms to the Third World has been matched by an upgrading of the quality of the arms proffered. Indeed, in some cases, the Soviets have offered top-of-the-line equipment to their Third World customers even before it moves into the inventories of other Communist countries.

Cuba

Some of the most disturbing developments have occurred close to our shores. The growth of Cuban influence with the Governments of Nicaragua and Grenada is a source of major concern to us. The Government of El Salvador is fighting for survival against a Cuban-backed insurgency. Cuba's continued training and logistical support of guerrillas in Central and South America and its unrelenting military buildup is altering the politico-military balance in Central America and the Caribbean and threatening the security of our friends in the region. So far this year, for instance, Cuba has received about 50,000 tons of Soviet arms, the largest inflow of arms since 1962. They have added advanced MiG-23 aircraft to their inventory and have recently taken possession of a Koni-class frigate. Latin America was once relatively sheltered from the activities of the Soviets and its proxies. This is clearly no longer the case.

U.S. Policy

In Latin America, then, as elsewhere in the world, our conventional arms transfer policy, together with our security assistance program, must serve as an essential complement to the enhancement of our defenses and as an indispensable component of our foreign policy.

Given the limits of our resources, the United States cannot defend all its interests worldwide by itself. We cannot be the world's policeman. At the same time, we can ill afford the luxury of standing aside, asking others to do alone what, in fact, we can only do together. In no way is this Administration trying to recreate the so-called Guam doctrine of a decade ago.

Instead, the arms transfer policy we have devised steers a middle course—helping others to defend themselves against regional threats recognizing that we may have to assist more directly to deter certain challenges. In the process, we must put aside some past views of arms transfers, and in particular the view that arms transfers are inherently negative, and restraint a worthy end in itself—while other suppliers exercise no such restraint.

We formulated the policy to serve U.S. interests in a number of ways. It will:

- Enhance the state of preparedness of our allies and friends and thereby help deter aggression;
- Demonstrate to all that the United States has an enduring and legitimate interest in the security of its friends and partners and that it will not allow them to be put at a military disadvantage;
- Improve the ability of the United States, in concert with its friends and allies, to project power swiftly and effectively to meet threats posed by mutual adversaries; and
- Help to foster regional and internal stability and contribute to peaceful resolutions of disputes. As Ambassador Enders indicated, often the price of inattention to the security requirements of friendly states has been a weakening in our bilateral relationships and decreasing ability to influence them in areas important to us.

Many of the factors which we would consider in making decisions on potential arms transfers have already been mentioned. Let me stress several:

- A sober assessment of U.S. interests and the threat imposed to them;
- The impact of a transfer on the recipient. We want nations to be able to absorb a system and to use, maintain, and support it properly. We will also look carefully at the effect purchases have on a nation's budget, particularly its development programs;
- The legitimate concerns many of you have regarding requests by nations with poor human rights records. Under both law and policy, this Administration will continue to promote the advancement of human rights and will factor a country's record into our decisionmaking process on arms transfers. I would like to emphasize, however, that arms transfers are not the enemy of human rights. We will not look at human rights performance in a vacuum; rather, we weigh all relevant factors in determining transfers; and
- The impact of the proposed transfer on our overall relationship with the country in question.

Conclusion

Considerations such as these affect all our arms transfer decisions. There will be circumstances—owing to the nature of the threat, the ability of a country to absorb a system both militarily and economically, and our political relationships—in which U.S. national interests will be best served by the sale of our most advanced weapons. In other cases, a less costly and complex system will be more appropriate. In order to be effective, our arms transfer policy must possess ample political flexiblility, programs expanding the range of available options, such as the intermediate export fighter provide us the complementary technological flexibility.

I do not want to leave you with the impression that American sales will be unrestrained. What we are trying to do is avoid a framework of artificial ceilings, arbitrary prohibitions, discriminatory treatment against friends, and self-defeating unilateral actions. We are seeking, instead, to be responsive and responsible. U.S. interests in Latin America and the world demand an arms transfer policy that is both.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Current Actions

MULTILATERAL

Agriculture
International agreement for the creation at Paris of an International Office for Epizootics, with annex. Done at Paris Jan. 25, 1924. Entered into force Jan. 17, 1925; for the U.S. July 29, 1975. TIAS 8141.
Accession deposited: Vanuatu, June 29, 1981.

Arbitration
Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.
Accession deposited: Indonesia, Oct. 7, 1981.

Astronauts
Agreement on the rescue of astronauts, the return of astronauts, and the return of objects launched into outer space. Done at Washington, London, and Moscow Apr. 22, 1968. Entered into force Dec. 3, 1968. TIAS 6599.
Ratification deposited: Chile, Oct. 8, 1981.

Coffee
International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force provisionally Oct. 1, 1976; definitively, Aug. 1, 1977. TIAS 8683.
Extended to: Cook Islands, Aug. 20, 1981.
Notification of provisional application deposited: Greece, Sept. 15, 1981.

Commodities
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signatures: Benin, Comoros, Gabon, Sept. 10, 1981; Guinea-Bissau, Sept. 11, 1981; India, Sept. 18, 1981; Peru, Sept. 25, 1981; Sierra Leone, Sept. 24, 1981; Ethiopia, Sept. 30, 1981; Cape Verde, Oct. 9, 1981.
Ratifications deposited: Australia, Oct. 9, 1981; Iraq, Sept. 10, 1981.

Consular
Vienna convention on consular relations. Done at Vienna Apr. 24, 1963. Entered into force Mar. 19, 1967; for U.S. Dec. 24, 1969. TIAS 6820.
Ratification deposited: Poland, Oct. 13, 1981.

Containers
International convention for safe containers (CSC), with annex. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037.
Accessions deposited: Israel, Aug. 21, 1981; Belgium, Sept. 16, 1981.

Genocide
Convention on the prevention and punishment of the crime of genocide. Done at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951.[2]
Accession deposited: Luxembourg, Oct. 7, 1981.

Hydrographic
Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 13, 1967. Entered into force Sept. 22, 1970. TIAS 6933.
Accession deposited: Uruguay, Sept. 22, 1981.

Human Rights
International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[2]
Accession deposited: Democratic People's Republic of Korea, Sept. 14, 1981.

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[2]
Accession deposited: Democratic People's Republic of Korea, Sept. 14, 1981.

Maritime Matters
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975. Enters into force May 22, 1982, except for Article 51 which enters into force July 28, 1982.
Acceptance deposited: Malaysia, Sept. 28, 1981.

Oil Pollution
International convention on civil liability for oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.[2]
Accessions deposited: Nigeria, May 7, 1981; Singapore, Sept. 16, 1981.

Patents
Patent cooperation treaty, with regulations. Done at Washington June 19, 1970. Entered into force Jan. 24, 1978; except for chapter II which entered into force Mar. 29, 1978.[3] TIAS 8733.
Ratification deposited: Belgium, Sept. 14, 1981.

Pollution
Convention on long-range transboundary air pollution. Done at Geneva Nov. 13, 1979.[1]
Ratification deposited: Sweden, Feb. 12, 1981.

Postal
General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981; except for Article 124 of the General Regulations which became effective Jan. 1, 1981.
Ratifications deposited: Kuwait, Aug. 14, 1981; Bangladesh, Sept. 1, 1981; Egypt, Sept. 7, 1981; Luxembourg, Sept. 18, 1981.
Approvals deposited: Singapore, Sept. 2, 1981; Madagascar, Sept. 9, 1981; Bulgaria, Sept. 18, 1981.
Accession deposited: Equatorial Guinea, Sept. 21, 1981.

Money orders and postal travellers' checks agreement, with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981. TIAS 9973.
Ratification deposited: Kuwait, Aug. 14, 1981; Egypt, Sept. 7, 1981; Luxembourg, Sept. 18, 1981.
Approvals deposited: Madagascar, Sept. 9, 1981; Bulgaria, Sept. 18, 1981. .

Constitution of the Universal Postal Union with final protocol. Done at Vienna July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Ratification deposited: Costa Rica, Sept. 10, 1981.

Additional protocol to the constitution of the Universal Postal Union with final protocol, signed at Vienna July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971, except for Article V of the additional protocol which entered into force Jan. 1, 1971. TIAS 7150.
Ratification deposited: Costa Rica, Sept. 10, 1981.

Second additional protocol to the constitution of the Universal Postal Union of July 10, 1964, general regulations with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Ratification deposited: Costa Rica, Sept. 10, 1981.
Accession deposited: Equatorial Guinea, Sept. 21, 1981.

our imports from non-OPEC developing countries. All the evidence suggests, however, that it has been an extremely useful incentive to developing countries to rely more on their own energies and on the efficiency of the international marketplace as a source of the economic growth they need. We share your concern about the high concentration of GSP benefits among a few countries which are relatively successful in international trade. Although I would note that both the competitive-need provisions of the law and our graduation policy have brought the percentage of benefits enjoyed by the top five beneficiaries down considerably since the first years of the program. We will be working closely with you in developing proposals for an extended GSP program.

- Most fundamentally, of course, the Cancun meeting underlined the importance of the free trade posture the Administration has adopted. There are many other reasons why we must keep our market as open as possible, but the impact of our trade policies on developing countries is one we must not forget.

Before I leave the theme of our trade relations with developing countries, I would like to underline one area to which we have been devoting particular attention in recent months. As you know, the economic health and political stability of the Caribbean Basin area have been very much on our minds. We are convinced that more vigorous economic expansion is essential to a political evolution which avoids violence, bloodshed, and repression.

We have had extensive consultations with the countries of the area and with other interested governments—Canada, Venezuela, Mexico, and a number of European countries—which share our concern. We are developing a series of interrelated proposals designed to stimulate investment, especially in the private sector, and to encourage trade on which these small economies inevitably must rely in order to experience solidly based economic growth. We hope that this coordinated approach will make a real contribution to the economic development of the area. Other donors also expect to provide parallel support for the area, through whatever means fit in best with their development policies. Making our support economically and politically meaningful may involve some tough choices for the Administration and the Congress. We intend to work closely with you in moving ahead in this area.

Our OECD Partners

Despite the impressive growth in the developing countries' participation in international trade, the other OECD countries are likely to remain extremely important trading partners for the United States. Over half our trade is with these countries. As these mature economies expand, they, like us, face the challenge of adjustment in industries which are no longer competitive. They are also devoting increased attention to sectors where we have enjoyed a strong competitive lead in world markets, services, and high technology.

Effective consultations are essential to the development of more effective relationships with our trading partners. In the case of Japan, it has been agreed that subcabinet consultations will be held semiannually, and that the work of the subcabinet group will be supplemented by meetings of a trade subcommittee which was launched in September. We expect this arrangement will make it possible for us to address trade issues in a more systematic and continuous fashion. Semiannual high-level consultations are also held with the European Communities. In addition, our regular meetings with other OECD members have provided a useful forum for discussions of trade issues, e.g., trade in services.

In discussing trade with Japan, there is a tendency to focus on the persistent Japanese surplus in its trade in goods and services with the United States since the mid-1960s. The reason for this is largely structural—the goods the United States imports from Japan match Japanese exports more closely than American exports match Japanese import requirements. Special temporary conditions such as U.S. inflation, high U.S. interest rates, a weak yen and strong dollar, and a slowed Japanese growth rate can exacerbate the imbalance.

Countries must not be overly concerned about bilateral trade or current account imbalance as long as their overall international positions are sustainable in the long term. The United States has enjoyed modest current accounts surpluses for the past 2 years and so far in 1981, though we anticipate falling into deficit for next year. Japan's current account has been in deficit the past 2 years but is expected to strengthen impressively in 1982 from this year's moderate surplus.

Large economies like the United States and Japan should be conscious of the impact of their economic policies on each other, on the rest of the world, and on the trading system as a whole. Japan appears to be increasingly concerned to find ways of preventing its trade surpluses with the United States and EC from reaching levels that strengthen protectionist forces. I referred earlier to the trade subcommittee, under the aegis of the U.S.-Japan subcabinet consultations, which will tackle this problem and head off troublesome issues before they generate irresistible pressure for protection.

Japan's Ministry of International Trade and Industry, for example, is working hard to encourage the expansion of manufactured imports. At the same time, we must, on our side, place Japan's trade surplus in the context of our overall relatively favorable payments position and the knowledge that government action designed to eliminate our bilateral trade deficit with Japan, if it has the effect of restricting trade, would result in a net loss of economic prosperity for both regions.

The growing surplus we have enjoyed with the European Community since the early 1970s has helped offset our deficits with Japan and other countries. This surplus reached an all-time high of $17.4 billion this year. While our balance in 1981 is likely to remain favorable, our trade relations with the Community will not be easy. Unemployment, which has been increasing in all 10 member states, reached a Community-wide level of 8.3% in September. Protectionist pressures are strong in many sectors.

One area of continuing concern will be the adverse effects of the EC's common agricultural policy on U.S. agricultural trade. As the EC disposes of more and more of its excess production through subsidized exports, we will have to insure the rights and interests of our exporters are protected. Steel is another problem area, where we face exceptionally high levels of imports at a time when Europe is cutting back employment in an effort to modernize its industry. These and other trade problems will require close attention and careful management in the months to come.

We will also have to work with

major trading partners on some of our more general trade concerns.

- In an era of relatively low duties, nontariff barriers act as the major impediment to international trade. One of the major accomplishments of the Tokyo Round was to make a start at dealing with these nontariff barriers. The "codes" agreed to during these negotiations are being put into effect. We need to make them work as effectively as possible and to develop greater international discipline and a body of case law and agreed procedures and rules in such key fields as export subsidies, dumping, and international bidding for government procurement.
- The United States is much interested in trade in services, as this is one of the most dynamic areas of our economy. Our 1979 export receipts from services totaled more than $76 billion, almost a fourfold increase over the 1971 level of $19.1 billion. Services account for 27% of U.S. exports and employ 70% of the nonagricultural U.S. work force.
- Investment performance requirements and incentives which are increasingly being adopted by a number of countries, largely in the developing world, are another source of potential trade distortion harmful to our economic interests. Our goal is the maintenance of an open investment system—one that is based to the extent possible on a common framework and understanding of the basic ground rules. In instances in which investment is attracted by incentives including protective tariffs, which alter the marketplace's allocation of resources, the trade consequences must be weighed along with the investment results. Performance requirements which mandate a specified level of exports likewise may distort trade patterns, requiring a balancing of interests. Though formulation of "rules of the game" will not be easy, with U.S. overseas investment totaling $192.6 billion by the end of 1979 (on a balance-of-payments basis), the desirability of attempting to do so seems evident.

The close links between our trade goals and our ability to cooperate with our key trade partners are only one example of the interdependence of our political relations and U.S. trade and economic policy. We believe that the President's economic recovery plan will lay the foundation not only for a more vigorous U.S. economy but also for stronger and healthier ties with our allies. In this type of an international environment the United States can more effectively pursue its broader foreign policy goals.

The subcommittee will be going over our trade policies in great detail in the next few days. It is evident that in the post-Cancun period details will change and new initiatives will be developed. Yet there is a constancy in the sweep of trade policy and objectives which will endure. I and the Department look forward to cooperating with you now and in the months ahead.

ASSISTANT SECRETARY HORMATS

I appreciate your having invited me to participate in these oversight hearings on U.S. trade policy and the opportunity to discuss the trade agenda for the 1980s. The next several years pose enormous challenges for U.S. trade policy and significant dangers to the international trading system. Pressures resulting from slow growth, high unemployment and inflation in many countries, increased international competition, and new trade and investment distortions are imposing major and growing strains on the international trading system. As a result, that system may be on the verge of its most serious crisis in the postwar period.

It will be important for the United States to develop—as Japan has already done—its own vision for the 1980s in order to define the longer term objective of U.S. trade policy. That vision should be based on an effort to expand our own exports and to support an international trading system which both opens new opportunities for world trade and seeks a reduction in the subsidies and other distortions which limit those opportunities.

The challenge before us is enormous. Our economic well-being depends on our actively and forcefully promoting the trade interests of our citizens and strengthening the effectiveness of the international trading system in order to insure the health of the international economy. Years ago the United States took the view that, as the strongest economy in the world and as a country which had an international leadership role, we could—either for political reasons or because we did not think it would matter much to our economy—make trade concessions or ignore trade actions by others which did, in fact, adversely affect our economic interests. That day has long since passed. Today we are in a more competitive world, and roughly 8% of our gross national product and millions of U.S. jobs are accounted for by exports. Other countries, both in order to stimulate jobs and offset oil-related trade deficits, are utilizing governmental supports or incentives to encourage exports or discourage imports. And investment-related trade distortions are on the increase. In many cases free trade today is more of a myth than a reality.

Trade Agenda for the 1980s

In light of this changed environment, what should be the basis for our policies in the 1980s—the vision of the 1980s which we should seek to promote?

First, we need to work toward reducing and eventually eliminating the many nontariff barriers and export subsidies which distort international trade. This process was begun in the multilateral trade negotiations. It must be continued in this decade as well. The types of distortion of greatest concern fall into the two most important areas of American competitiveness—high technology and agriculture. Together these represent the strongest elements of U.S. trade performance and will likely continue to do so in the decade ahead. But our performance in these areas will be strong only if we seek vigorously to prevent others from imposing impediments or providing subsidies which limit our export opportunities.

Many countries protect or support high technology industries for nationalistic reasons, believing that the capacity to produce the newest generation of computers, integrated circuits, or similar types of equipment is necessary to their national economic health. In so doing, they both limit U.S. export potential and reduce the incentives for technological innovation in their own economies. This is particularly the case in Western Europe. Japan takes the problem one step further, using and abusing an infant industry argument. It frequently builds up a domestic industry through government support or protection to the point that the industry becomes a formidable international competitor, at which time the Japanese call for free trade in that particular sector. Assertive U.S. actions will be needed in order to and ground-launched Cruise missiles and in preparations for basing them in Europe. They stressed that these deployments were intended to retain a credible NATO capability in this essential area of its deterrent strategy against the background of the large-scale deployments of new mobile, longer range and more accurate Soviet theatre nuclear forces. Ministers reiterated that NATO's planned deployments (which will not begin until the end of 1983 and which are not intended to match the Soviet Union weapon-for-weapon) will not increase the Alliance's reliance upon nuclear weapons nor change NATO's strategy. Ministers continued by stating that NATO does not seek military superiority, but that, for deterrence to be maintained, NATO must have credible and effective nuclear capabilities. NATO's deployment of modernized long-range theatre nuclear forces is meant to ensure that the Soviet Union cannot assume that it could regionalize a conflict in Europe to exclude its territory or impair the strategic unity of the Alliance. Ministers concluded by re-emphasizing that the fundamental role of NATO's nuclear weapons is and will remain deterrence.

9. Ministers re-affirmed the importance of continuing high level group work examining the precise nature, scope and basis of the adjustments which would be required by long-range theatre nuclear force deployments as well as possible implications of these deployments for the balance of roles and systems in NATO's nuclear armoury as a whole.

10. With regard to arms control, Ministers welcomed the recent announcement by the United States Secretary of State and Soviet Foreign Minister on the opening of theatre nuclear force arms control negotiations in Geneva on November 30th. They noted that the firmness and determination maintained by Allied governments in implementing both tracks of NATO's 12th December 1979 decision have been key factors in convincing the Soviet Union to negotiate and will remain essential in reaching concrete results. They noted the substantial progress made by the United States in preparation of these negotiations and fully endorsed the close consultations that are taking place in NATO, including NATO's Special Consultative Group. In this connection, Ministers discussed two reports produced by NPG High Level Group, that had been requested by NATO Foreign and Defence Ministers at their spring 1981 meetings, which present an updated assessment of the threat facing NATO and discuss the functional requirements for NATO's theatre nuclear forces. Ministers agreed that these papers meet the requirements set by NATO Ministers at their May meetings and expressed their view that the United States can rely on these papers as an important and essential contribution to the basis for the forthcoming negotiations on theatre nuclear force arms control with the Soviet Union.

11. Ministers fully supported the United States commitment to achieve equitable and verifiable agreements, within the SALT framework on theatre nuclear forces at the lowest attainable levels. On the basis of reciprocity, the zero level remains a possible option under ideal circumstances. They called on the Soviet Union to live up to the pledge "to spare no effect to reach an appropriate agreement." Ministers welcomed the United States dedication to negotiate and achieve concrete results that enhance security and secure the peace.■

U.S. Strategic Policy

PRESIDENT'S STATEMENT, OCT. 21, 1981[1]

In the past few days, the Soviet Union has issued several propaganda statements that seek to drive a wedge between the United States and some of our closest friends in Europe. I do not intend to let these gross distortions of our policies go unchallenged.

American policy toward deterring conflict in Europe has not changed for over 20 years. Our strategy remains, as it has been, one of flexible response: maintaining an assured military capability to deter the use of force—conventional or nuclear—by the Warsaw Pact at the lowest possible level.

As all Presidents have acknowledged, any use of nuclear weapons would have the most profound consequences. In a nuclear war, all mankind would lose. Indeed, the awful and incalculable risks associated with any use of nuclear weapons themselves serve to deter their use.

The suggestion is that the United States could even consider fighting a nuclear war at Europe's expense is an outright deception. The essence of U.S. nuclear strategy is that no aggressor should believe that the use of nuclear weapons in Europe could reasonably be limited to Europe. Indeed, it is the joint European-American commitment to share the burden of our common defense which assures the peace. Thus, we regard any military threat to Europe as a threat to the United States itself. Three hundred seventy-five thousand U.S. servicemen provide the living guarantees of this unshakable U.S. commitment to the peace and security of Europe.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 26, 1981.■

U.S. Food for Poland

DEPARTMENT STATEMENT, OCT. 27, 1981[1]

The U.S. Department of Agriculture will sign a contract on October 28 to sell Poland $29 million of urgently needed food aid in the form of butter, dry milk, and cheese from CCC [Commodity Credit Corporation] stocks of the Department of Agriculture. The commodities are destined for use in a program of preschool feeding in Poland under the auspices of CARE, Inc. Payment will be in Polish currency.

In addition, on October 22, a cargo of private food aid from the United States arrived in the Polish port of Gydnia consisting of private donations of 2,565 tons of dry milk, of which 500 tons are destined for the Polish Catholic Relief Service, 664 tons of frozen turkeys to be distributed by the Catholic Church, and 113 tons of baby food.

These latest sales and deliveries add to the previous total of $741 million in credit guarantees and assistance for Polish food purchases which the United States has provided during the past fiscal year.

These actions demonstrate our continuing humanitarian concern for the well-being of the people of Poland and our confidence that they will succeed in resolving their pressing difficulties peacefully and without foreign interference.

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[1] Made available to news correspondents by Department spokesman Dean Fischer.■

Role of the Private Sector in Developing Countries

Following are the statement by M. Peter McPherson, Administrator of the Agency for International Development (AID), and an excerpt from a statement by Robert D. Hormats, Assistant Secretary for Economic and Business Affairs, before the Subcommittee on Trade, Productivity, and Economic Growth of the Joint Economic Committee on October 19, 1981.[1]

I greatly appreciate this opportunity to address the subject of these hearings: "Aid and the Private Sector: Can they work together?" This Administration believes that AID and the private sector can and must work together in order to generate the kind of long-term development in the less developed countries (LDCs) that results in strong and sustained economic growth and human progress.

President Reagan outlined U.S. trade and investment initiatives before the World Affairs Council of Philadelphia last week [October 15]. These initiatives are designed to generate development and growth in the Third World through the force of what the President earlier called "the magic of the marketplace." These initiatives are significant because the less developed countries now, more than ever, understand the benefits inherent in a strong and viable market economy and the need to expand employment opportunities through a vigorous competitive private sector.

Creation of the Bureau for Private Enterprise in the Agency for International Development, headed by an Assistant Administrator, Elise du Pont, is structural evidence of the new policy direction we have begun to implement. Less emphasis will be placed on transfer of funds, of taxpayer's dollars. Greater emphasis will be placed on the transfer of those things that generate resources—the technology, skills know-how, and capital of the U.S. private sector.

AID's mandate under the Foreign Assistance Act encourages private sector activity. Our new emphasis seeks a partnership of government and the private sector in the total development process—not just involvement at the implementation stage. One important element in AID's policy is to encourage recipient countries to pursue sound economic policies. These self-help measures might include, for example, pursuing realistic exchange rates, increasing aggregate private investment, developing intermediary financial benefits, encouraging fiscally productive taxes, expanding technical training, and the like. I will look to the Bureau for Private Enterprise to formulate and coordinate private sector policy within AID.

It is our goal to establish a relationship between the U.S. private sector and private sectors in the developing countries. That is the best approach, in our view, for technology transfer, employment generation, and the generation of resources. Economic development in most Third World countries, in fact, hinges on the vigorous interaction between local and foreign private sectors.

Economic development in most Third World countries . . . hinges on the vigorous interaction between local and foreign private sectors.

Before proceeding further, I would like to stress that while today's presentation focuses totally on AID's involvement with the private sector, AID most certainly has a continued commitment to furthering development by supporting such other key sectors as health, education, and agriculture.

Bureau for Private Enterprise

It is important that I take a few minutes to describe the structure and responsibilities of this new bureau. In order to achieve the objective of facilitating private sector involvement in the developing world, we believed that it was necessary to create a special structure which would not only visibly symbolize our commitment to private enterprise but which would also, and more importantly, insure that AID developed and implemented new programs and policies.

The bureau consists of two divisions: One houses the two organizations which have played a key role in AID's past involvement with the U.S. private sector, namely, the Office of Business Liaison and the Housing Investment Guarantees Office. Through this division we have the benefit of AID's past involvement with the private sector. The other division consists of two new units, the Office of Investment and Office of Policy and Project Review and Mission Support.

These offices will be staffed by outstanding professionals. We are now in the process of bringing into AID a small team of people who are skilled in such fields as investment and capital market formation. In many ways, they and the programs and policies which they will implement represent a prototype for an AID of the future—an AID which will rely increasingly on leveraging relatively small amounts of public sector funds to attract greater amounts of private sector resources to accomplish goals which in the past have fallen to too great an extent on the shoulders of the taxpayer. Moreover, this bureau will also use more creatively AID project funds to help support projects developed by both the indigenous and U.S. private sectors. The bureau will work closely with private sector liaisons designated in each of the bureaus.

Finally, the Bureau for Private Enterprise will have the lead responsibility for coordinating and relating to the activities of two other agencies which fall within my purview, namely, the Trade and Development Program which reports to me in my capacity as Acting Director of the International Development Cooperation Agency (IDCA), and the Overseas Private Investment Corporation (OPIC) of which I am the Chairman of the Board. The Bureau for Private Enterprise will also be responsible for coordinating with the aid activities of the International Finance Corporation (IFC).

Trade and Development Program

The Trade and Development Program (TDP) is unique and, therefore, requires further elaboration. This program plays a special role in fostering the development of countries while also promoting trade opportunities for the United States. The fiscal year (FY) 1982 budget of the program under the continuing a few days ago I wasn't shaken either. I've worked with the Sadat cabinet, including President Mubarak whom I have known since 1976. These are very competent professional men. They are dedicated to the principles and ideals of President Sadat and who are thoroughly capable of carrying them out effectively.

Q. Won't the relative apathy—apparent apathy—over the loss of President Sadat in Egypt give them some feeling that maybe his policies were not as popular as most people thought?

A. No, I don't think necessarily. But I think all of this underlies, as we said earlier, a need for the United States to demonstrate its continuing support for the Government and the people of Egypt. We've done so, and we're going to do so in more concrete terms in the very near future.

Q. You were talking about the Soviets a minute ago. Is there any evidence that the Soviets have made any moves since the death of President Sadat to try and exploit the situation?

A. No, I'm not aware of any. Again, I suspect if one looks at their propaganda and their rhetoric they wouldn't draw any comfort from that in the recent days and hours.

Q. You've also talked about the importance of supporting friends. What would be the impact of losing the AWACS vote in the Congress, and what are your chances of winning it?

A. There's still a very tough struggle ahead. And, as we've said, there are honest people with honest convictions on both sides of this issue. But the fundamental reality is it's not a question of whether we should sell the AWACS to Saudi Arabia, but who will sell it. And it's our conviction that it's important that the United States continue its growing and improving relationship with Saudi Arabia through this sale and through other actions.

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[1] Press release 347 of Oct. 13, 1981.■

Security Situation in Egypt and the Sudan

DEPARTMENT STATEMENT, OCT. 15, 1981[1]

We have seen a variety of press reports concerning increased tension and state of military alerts in the area of Egypt and the Sudan. In order to put these reports in perspective and hopefully to anticipate your many questions, I would like to make the following statement.

The concern of the United States about the security situation in the area, particularly as concerns the potential for Libyan troublemaking, is a matter of public record. In this respect, while in Cairo, the Secretary of State, accompanied by the Secretary of Defense, spoke publicly and at length to the situation and our responses to it in cooperation with our friends, particularly Egypt and the Sudan.

And, as you know, for some time, and subsequently, we have discussed the planned joint military exercise known as Bright Star, an exercise which has been in the planning stage for some months. We are in the process of considering some modifications in light of recent developments in the area. We should note that we have taken a number of initiatives as a result of President Sadat's assassination—the recent treaty between South Yemen, Libya, and Ethiopia, and emerging internal and external threats from Libya against the Sudan. One decision related to Bright Star and other confidence-building measures has already been taken. It involves the deployment of two AWACS [airborne warning and control system] aircraft to Egypt on an interim basis.

We wish to emphasize that all of the security-related activities we are undertaking with friends has the purpose of helping to defuse the tensions through deterring possible hostilities directed against them. We are confident that the responses are having this effect. In essence, they are confidence-building and deterrent in character and, together with expedited shipments of arms to the Sudan and perhaps Egypt, are a modification and telescoping of long contemplated actions designed to enhance the security of the area.

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[1] Made available to news correspondents by Department spokesman Dean Fischer.■

12th Report on Sinai Support Mission

MESSAGE TO THE CONGRESS, OCT. 20, 1981[1]

I am pleased to transmit herewith the Twelfth Report of the United States Sinai Support Mission. It covers the Mission's activities during the six-month period ending October 1, 1981. This report is provided in accordance with Section 4 of Public Law 94–110 of October 13, 1975.

The Sinai Support Mission and its overseas arm, the Sinai Field Mission, have since 1976 made unique contributions to the peace process in that part of the Middle East, first by establishing and operating the tactical early warning system that made possible the second disengagement agreement between Egypt and Israel, and when that mission was successfully completed in January 1980, by undertaking during the interim withdrawal period the verification of Egyptian and Israeli adherence to the military limitations called for in their 1979 Peace Treaty.

This second peacekeeping role will end on April 25, 1982, the date established under the Treaty for the completion of Israeli withdrawal from the Sinai. At that time, the Sinai Field Mission will relinquish its verification responsibilities to the new Multinational Force and Observers being established to supervise implementation of the Treaty's security arrangements after Israel's withdrawal.

Funding for the Sinai Support Mission for Fiscal Year 1981 was authorized at $16 million. Only $10 million is being requested for Fiscal Year 1982, a level that will fund the Mission's operations during its final months and the projected costs of its phase out after April 25, 1982.

The role of the Sinai Support and Field Missions has been a concrete example of the United States' commitment to the achievement of a just and lasting peace in the Middle East. Our participation in the Multinational Force and Observers will be the next crucial step in the further promotion of that peace. I am counting on the continuing support of the Congress for our role in the peace process.

RONALD REAGAN

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 26, 1981.■

U.S. Strategic Weapons Program

Following are President Reagan's announcement of the strategic weapons program on October 2, 1981, and a question-and-answer session with news correspondents following the announcement.[1]

As President, it's my solemn duty to insure America's national security while vigorously pursuing every path to peace. Toward this end, I have repeatedly pledged to halt the decline in America's military strength and restore that margin of safety needed for the protection of the American people and the maintenance of peace.

During the last several years, a weakening in our security posture has been particularly noticeable in our strategic nuclear forces—the very foundation of our strategy for deterring foreign attacks. A window of vulnerability is opening, one that would jeopardize not just our hopes for serious productive arms negotiations, but our hopes for peace and freedom.

Shortly after taking office, I directed the Secretary of Defense [Caspar W. Weinberger] to review our strategy for deterrence and to evaluate the adequacy of the forces now available for carrying out that strategy. He and his colleagues, in consultation with many leaders outside the executive branch, have done that job well. And after one of the most complex, thorough, and carefully conducted processes in memory, I am announcing today a plan to revitalize our strategic forces and maintain America's ability to keep the peace well into the next century.

Our plan is a comprehensive one. It will strengthen and modernize the strategic triad of land-based missiles, sea-based missiles, and bombers. It will end longstanding delays in some of these programs and introduce new elements into others. And just as important, it will improve communications and control systems that are vital to these strategic forces.

This program will achieve three objectives:

- It will act as a deterrent against any Soviet actions directed against the American people or our allies;
- It will provide us with the capability to respond at reasonable cost and within adequate time to any further growth in Soviet forces;
- It will signal our resolve to maintain the strategic balance, and this is the keystone to any genuine arms reduction agreement with the Soviets.

Let me point out here that this is a strategic program that America can afford. It fits within the revised fiscal guidelines for the Department of Defense that I announced last week. And during the next 5 years, the entire cost of maintaining and rebuilding our strategic forces will take less than 15% of our defense expenditures. This is considerably below the 20% of our defense budget spent on strategic arms during the 1960s, when we constructed many of the forces that exist today. It is fair to say that this program will enable us to modernize our strategic forces and, at the same time, meet our many other commitments as a nation.

Now, let me outline the five main features of our program.

First, I have directed the Secretary of Defense to revitalize our bomber forces by constructing and deploying some 100 B-1 bombers as soon as possible, while continuing to deploy cruise missiles on existing bombers. We will also develop an advanced bomber with "stealth" characteristics for the 1990s.

Second, I have ordered the strengthening and expansion of our sea-based forces. We will continue the construction of Trident submarines at a steady rate. We will develop a larger and more accurate sea-based ballistic missile. We will also deploy nuclear cruise missiles in some existing submarines.

Third, I've ordered completion of the MX missiles. We have decided, however, not to deploy the MX in the racetrack shelters proposed by the previous Administration or in any other scheme for multiple protective shelters. We will not deploy 200 missiles in 4,600 holes, nor will we deploy 100 missiles in 1,000 holes.

We have concluded that these basing schemes would be just as vulnerable as the existing Minuteman silos. The operative factor here is this: No matter how many shelters we might build, the Soviets can build more missiles, more quickly, and just as cheaply.

Instead, we will complete the MX missile which is much more powerful and accurate than our current Minuteman missiles, and we will deploy a limited number of the MX missiles in existing silos as soon as possible.

At the same time, we will pursue three promising long-term options for basing the MX missile and choose among them by 1984, so that we can proceed promptly with full deployment.

Fourth, I have directed the Secretary of Defense to strengthen and rebuild our communications and control system, a much neglected factor in our strategic deterrent. I consider this decision to improve our communications and control system as important as any of the other decisions announced today. This system must be foolproof in case of any foreign attack.

Finally, I have directed that we end our long neglect of strategic defenses. This will include cooperation with Canada on improving North American air surveillance and defense, and as part of this effort, I've also directed that we devote greater resources to improving our civil defenses.

This plan is balanced and carefully considered—a plan that will meet our vital security needs and strengthen our hopes for peace. It's my hope that this program will prevent our adversaries from making the mistake that others have made and deeply regretted in the past—the mistake of underestimating the resolve and the will of the American people to keep their freedom and protect their homeland and their allies.

Q. On that, would we be ready to use these new systems as bargaining chips in arms talks with the Soviets?

A. I think everything having to do with arms would have to be on the table.

Q. When exactly is this "window of vulnerability?" We heard yesterday the suggestion that it exists now. Earlier this morning, a defense official indicated that it was not until 1984 or 1987. Are we facing it right now?

A. I think in some areas we are, yes. I think the imbalance of forces, for example, on the Western front, in the NATO line—we are vastly outdistanced there. I think that right now, they have a superiority at sea.

Q. If there is or will be a "window of vulnerability," why is the MX any less vulnerable if it is in silos, the location of which the Soviets presumably already know, unless we were going to launch on their attack?

A. I don't know but what maybe

Property-Industrial-Classification
Nice agreement concerning the international classification of goods and services for the purpose of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6, 1979.[2]
Accession deposited: Suriname, Sept. 16, 1981.

Rubber
International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force provisionally Oct. 23, 1980.
Accession deposited: Turkey, Sept. 17, 1981.
Ratification deposited: F.R.G., Sept. 30, 1981.

Safety at Sea
International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Ratification deposited: Egypt, Sept. 4, 1981.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.
Accessions deposited: Libya, July 2, 1981; Greece, July 17, 1981.

Space
Treaty on principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies. Done at Washington, London, and Moscow Jan. 27, 1967. Entered into force Oct. 10, 1967. TIAS 6347.
Ratification deposited: Chile, Oct. 8, 1981.

Convention on registration of objects launched into outer space. Done at New York Jan. 14, 1975. Entered into force Sept. 15, 1976. TIAS 8480.
Accession deposited: Chile, Sept. 17, 1981.

Terrorism
International convention against the taking of hostages. Done at New York Dec. 17, 1979.[1]
Ratification deposited: Egypt, Oct. 2, 1981.

Trade
Geneva (1979) protocol to the General Agreement on Tariffs and Trade. Done at Geneva June 30, 1979. Entered into force Jan. 1, 1980. TIAS 9629.
Ratification deposited: Canada, Sept. 1, 1981.

Protocol supplementary to the Geneva (1979) protocol to the General Agreement on Tariffs and Trade. Done at Geneva Nov. 22, 1979. Entered into force Jan. 1, 1980.
Acceptances deposited: Canada, Sept. 1, 1981; Ivory Coast, Sept. 16, 1981.
Ratification deposited: Israel, Sept. 14, 1981.

Protocol for the accession of Colombia to the General Agreement on Tariffs and Trade. Done at Geneva Nov. 28, 1979. Entered into force Oct. 3, 1981.
Ratification deposited: Colombia, Sept. 3, 1981.

Agreement on trade in civil aircraft. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9620.
Reservation withdrawn: Canada, Aug. 18, 1981.

Agreement on government procurement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Ratification deposited: Austria, Aug. 24, 1981.

Agreement on interpretation and application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (subsidies and countervailing duties). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.
Acceptances: Australia, Sept. 28, 1981;[4] New Zealand, Sept. 15, 1981.[5]

U.N. convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980.[1]
Signatures: Austria, Chile, Ghana, Hungary, Singapore, Yugoslavia, Apr. 11, 1980; Denmark, Finland, F.R.G., Norway, Sweden, May 26, 1981; Netherlands, May 29, 1981; Lesotho, June 18, 1981; G.D.R., Aug. 13, 1981; France, Aug. 27, 1981; U.S., Aug. 31, 1981; Czechoslovakia, Sept. 1, 1981; Poland, Venezuela, Sept. 28, 1981; China, Italy, Sept. 30, 1981.
Ratification deposited: Lesotho, June 18, 1981.

United Nations
Charter of the U.N. and Statute of the International Court of Justice. Signed at San Francisco June 26, 1945. Entered into force Oct. 24, 1945. TS 993.
Admitted to membership: Belize, Sept. 25, 1981.

UNESCO
Protocol to the agreement on the importation of educational, scientific, and cultural materials of Nov. 22, 1950. Adopted at Nairobi Nov. 26, 1976.
Accession deposited: Egypt, Sept. 18, 1981.
Enters into force: Jan. 2, 1982.

U.N. Industrial Development Organization
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.[1]
Signatures: Togo, Dec. 20, 1979; Mauritius, Sept. 16, 1981; Malta, Oct. 2, 1981.
Approval deposited: Democratic People's Republic of Korea, Sept. 14, 1981.
Ratifications deposited: Afghanistan, Sept. 9, 1981; Togo, Sept. 18, 1981; Spain, Sept. 21, 1981; Sri Lanka, Sept. 25, 1981; Sudan, Sept. 30, 1981; Suriname, Oct. 8, 1981.

Wheat
1981 protocol for the sixth extension of the wheat trade convention, 1971. Done at Washington, Mar. 24, 1981. Entered into force July 1, 1981.
Ratification deposited: Tunisia, Oct. 20, 1981.
Declaration of provisional application deposited: Nigeria, Sept. 29, 1981.

Women
Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.[2]
Ratification deposited: Byelorussian Soviet Socialist Republic, Feb. 4, 1981[5]; Ethiopia, Sept. 10, 1981; Egypt, Sept. 18, 1981; Uruguay, Oct. 9, 1981.

WHO
Amendments to Articles 24 and 25 of the Constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the Twenty-ninth World Health Assembly.[1]
Acceptance deposited: Philippines, Oct. 7, 1981.

Amendment to Article 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978 by the 31st World Health Assembly.[1]
Acceptance deposited: Australia, Sept. 29, 1981.

BILATERAL

Bangladesh
Amendment to project agreement of July 28, 1978 (TIAS 9397) for fertilizer distribution improvement I. Signed at Dacca Aug. 20, 1981. Entered into force Aug. 20, 1981.

Brazil
Agreement on cooperation in the field of control of illicit traffic of drugs. Effected by exchange of notes at Brasilia Sept. 29, 1981. Entered into force Sept. 29, 1981.

Canada
Agreement amending the air transport agreement of Jan. 17, 1966, as amended (TIAS 5972, 7824). Effected by exchange of notes at Ottawa Aug. 10 and 28, 1981. Entered into force Aug. 28, 1981.

Postal convention, with detailed regulations. Signed at Ottawa and Washington Sept. 10 and 14, 1981. Enters into force on a date mutually agreed upon.
Ratified by the President: Oct. 16, 1981.

Colombia
Treaty concerning the status of Quita Sueno, Roncador, and Serrana, with exchanges of notes. Signed at Bogota Sept. 8, 1972.
Ratifications exchanged: Sept. 17, 1981.
Entered into force: Sept. 17, 1981.

Arrangement respecting the status of Serrana and Quita Sueno Banks and Roncador Cay. Effected by exchange of notes. Signed

at Washington, Apr. 10, 1928. Entered into force Apr. 10, 1928.
Terminated: Sept. 17, 1981.

Memorandum of understanding setting forth mutual trade concessions and contributions to the multilateral trade negotiations, and related letters of Jan. 28 and June 30, 1980. Signed at Bogota Apr. 23, 1979. Entered into force Oct. 3, 1981.

Egypt
Project grant agreement for basic education, with annex. Signed at Cairo Aug. 19, 1981. Entered into force Aug. 19, 1981.

Amendment to grant agreement of Aug. 31, 1978 (TIAS 9538) for industrial production project. Signed at Cairo Aug. 27, 1981. Entered into force Aug. 27, 1981.

Amendment to project grant agreement of Aug. 29, 1979 (TIAS 9632) for Shoubrah El Kheima Thermal Power Plant. Signed at Cairo Aug. 29, 1981. Entered into force Aug. 29, 1981.

Project grant agreement for irrigation management systems. Signed at Cairo Sept. 22, 1981. Entered into force Sept. 22, 1981.

Amendment to project grant agreement of Sept. 30, 1978 (TIAS 9556) for Cairo sewerage. Signed at Cairo Sept. 27, 1981. Entered into force Sept. 27, 1981.

Project grant agreement for industrial productivity improvement. Signed at Cairo Sept. 27, 1981. Entered into force Sept. 27, 1981.

Project grant agreement for the control of diarrheal diseases. Signed at Cairo Sept. 27, 1981. Entered into force Sept. 27, 1981.

El Salvador
Agreement amending the agreement for sales of agricultural commodities of Jan. 22, 1981. Effected by exchange of notes at San Salvador Aug. 31 and Sept. 2, 1981. Entered into force Sept. 2, 1981.

Haiti
Agreement relating to establishment of a cooperative program of interdiction and selective return of certain Haitian migrants and vessels involved in illegal transport of persons coming from Haiti. Effected by exchange of notes at Port-au-Prince Sept. 23, 1981. Entered into force Sept. 23, 1981.

International Atomic Energy Agency
Agreement relating to provision by the U.S. Nuclear Regulatory Commission to the International Atomic Energy Agency of experts in the various fields of the peaceful applications of atomic energy. Signed at Vienna and Bethesda May 29 and Sept. 16, 1981. Entered into force Sept. 16, 1981.

Italy
Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Rome July 28 and Aug. 28, 1981. Entered into force Aug. 28, 1981.

Japan
Agreement to accelerate tariff reductions. Effected by exchange of letters at Washington, Sept. 30, 1981. Entered into force Sept. 30, 1981.

Liberia
Agreement amending the agreement for sales of agricultural commodities of Jan. 8, 1981. Effected by exchange of notes at Monrovia Aug. 25 and 28, 1981. Entered into force Aug. 28, 1981.

Luxembourg
Agreement concerning general security of military information. Signed at Luxembourg Sept. 17, 1981. Entered into force Sept. 17, 1981.

Morocco
Agreement amending the agreement for sales of agricultural commodities of July 3, 1981. Effected by exchange of letters at Rabat Aug. 18 and 19, 1981. Entered into force Aug. 19, 1981.

Nicaragua
Agreement relating to the free movement of military aircraft of each country into and through the airspace of the other. Effected by exchange of notes at Managua Nov. 26, and Dec. 12, 1951. Entered into force Dec. 12, 1951. TIAS 2460.
Notification of termination by Nicaragua: June 17, 1981; effective Dec. 16, 1981.

Pakistan
Implementing agreement regarding the consolidation and rescheduling of certain debts owned to the Agency for International Development, with annexes. Signed at Islamabad Aug. 18, 1981. Enters into force upon notification by each government that certain legal requirements have been met.

Agreement regarding the consolidation and rescheduling of payments due under PL 480 Title I agricultural commodity agreements, with annexes. Signed at Islamabad Sept. 27, 1981. Entered into force Sept. 27, 1981.

Peru
Agreement for the recovery and return of stolen archaeological, historical, and cultural properties. Signed at Lima Sept. 15, 1981. Entered into force Sept. 15, 1981.

Philippines
Agreement relating to the continuation of medical and scientific research projects conducted in the Philippines by the U.S. Naval Medical Research Unit-Two (NAMRU-2). Effected by exchange of notes at Manila May 12 and 21, 1976. Entered into force May 21, 1976. TIAS 8425.
Terminated: June 5, 1981.

Agreement permanently locating the U.S. Naval Medical Research Unit-Two (NAMRU-2) in the Philippines. Effected by exchange of notes at Manila Feb. 26, 1979 and June 5, 1981. Entered into force June 5, 1981.

Agreement concerning the grant of defense articles and services under the military assistance program. Effected by exchange of notes at Manila Aug. 19 and 30, 1981. Entered into force Aug. 30, 1981.

Poland
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or assured by the U.S. Government and it agencies, with annexes and agreed minute. Signed at Warsaw Aug. 27, 1981. Entered into force Oct. 20, 1981.

Agreement for sales of agricultural commodities, with agreed minute. Signed at Warsaw Aug. 28, 1981. Entered into force Aug. 28, 1981.

Portugal
Agreement concerning the grant of defense articles and services under the military assistance program. Effected by exchange of notes at Lisbon Aug. 24 and 28, 1981. Entered into force Aug. 28, 1981.

Singapore
Agreements amending the agreement of Sept. 21 and 22, 1978, as amended (TIAS 9214, 9610, 9719), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchanges of letters at Washington, Aug. 7 and 13, 1981. Entered into force Aug. 13, 1981.

Agreement amending the agreement of Sept. 21 and 22, 1978, as amended (TIAS 9214, 9610, 9719), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Singapore Aug. 19, 1981. Entered into force Aug. 19, 1981.

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Singapore Aug. 21, 1981. Entered into force Aug. 21, 1981; effective Jan. 1, 1982.

Agreement amending the agreement of Aug. 21, 1981 relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchanges of letters at Singapore Aug. 24 and 27, 1981. Entered into force Aug. 27, 1981.

Spain
Agreement extending the treaty of friendship and cooperation of Jan. 24, 1976 (TIAS 8360). Effected by exchange of notes at Madrid Sept. 4, 1981. Enters into force upon the date on which both parties communicate in writing that their respective applicable constitutional requirements have been satisfied, but will apply provisionally from Sept. 4, 1981, and during the time in which the above mentioned requirements are being met.

achieve a greater degree of international consensus to limit the extent of government intervention in these areas.

With respect to agriculture, the multilateral trade negotiations made some, but not nearly enough, progress. Agricultural exports are vital to our domestic economy. We are the most efficient supplier in the world. Other countries, for domestic social or political reasons, protect their agricultural sectors or subsidize agricultural exports. The inefficiencies which result penalize their domestic consumers and taxpayers and seriously distort world trade. A hard look at this issue will be needed in the future. Our goal for the 1980s must be a more open and less interventionist system of international agricultural trade. In particular, we need a fresh and more effective international approach to the problem of agricultural subsidies.

Second, investment-related trade distortions pose an enormous threat to the world economy. We risk today, in the international investment arena, a deterioration in the climate similar to that experienced in the world trading arena in the 1930s. During that period, countries adopted nationalistic trade policies based on short-term economic perspectives. Following World War II, the world made considerable progress in developing an international framework for trade matters. Although we still have some distance to go, the direction and emphasis of our effort are correct.

In the investment area, however, no comparable framework has emerged, largely because there was an international consensus favoring a relatively free flow of investment capital. Now, in the aftermath of the economic downturns of the 1970s, there is a tendency on the part of developed and developing nations alike to move in the wrong direction—to increase intervention in the investment area to accomplish short-term economic objectives. This can only come at the expense of broader long-term interests. A major goal of the 1980s must be to reverse this trend through international understandings and rules upholding an open and less interventionist investment climate.

Third, a key objective for the 1980s will be to reduce barriers to trade in services and prevent new ones. As in the case of investment, there are few understandings or rules which regulate the degree to which governments can intervene to limit the access of foreign service industries to their markets. This will not be an easy process. The United States is very competitive in this sector, and many other countries do not share our desire to open up trade and services. On the contrary, many seek to protect their service industries from having to compete with ours.

Services will also be difficult to negotiate because of their complexity and variety and because many in the United States are state, rather than nationally, regulated.

One area of particular importance—which is intimately related to our strength in high technology—is insuring the free flow of data across borders. A standstill on new impediments to transborder data flows and a common effort to remove those which now exist will be beneficial to our economy and the world economy in the decade ahead. Impediments in this area, conversely, will be detrimental to business in many countries.

Fourth, the GATT system needs to be strengthened. The GATT code committees need to be made more effective. The GATT will need to evolve new structures for dealing with trade barriers tied in with domestic policies, including those related to trade in services and to investment policies. In addition, a major effort needs to be made to increase the participation of the developing countries in the GATT and, in particular, in the various codes. The trading system, and the developing countries' own economic prospects, would be strengthened by their assuming greater responsibility for, and deriving commensurate benefits from, increased participation in the world trading system.

U.S. Economy

Over the next decade we will face a world which differs greatly from the world in which the trade policies and rules of the past were developed. Competition from Japan and the newly industrialized nations will be particularly intense. We will need a strong domestic economy to meet the competition. Our own domestic competitiveness will require increased investment, research and development, and productivity. New means of producing energy, new generations of computers and semiconductors, and innovative methods of transmitting data are just some of the areas in which American technology has played the leading role. These developments, widely applied, can help to strengthen the competitiveness of traditional American industries such as steel and autos and provide major new lines of American exports.

In order to take full advantage of our competitiveness and the opportunities we hope to create internationally for expanding trade, a major and highly creative export promotion effort will be required. Strong support for U.S. activities abroad, creative use of a host of U.S. export financing and promotion programs, and identification of growing markets in the developing world for special promotional efforts and attention will be particularly important.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Soviet-West European Natural Gas Pipeline

by Robert D. Hormats

Statement before the Subcommittee on Energy, Nuclear Proliferation, and Government Processes of the Senate Committee on Governmental Affairs on October 14, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.[1]

I am pleased to be here, along with my colleagues from the Departments of Energy and Commerce, to discuss the proposed Western Siberia to Western Europe natural gas pipeline. As you know, this prospective project has been the subject of considerable international and domestic controversy.

This attention is well deserved. Issues relating to the pipeline are among the most complex facing us and our European allies. This issue cuts across a number of policy areas including East-West commerce, alliance politics, and energy security. The West European-Soviet pipeline issue and the manner in which the Western alliance deals with it will have significant short- and long-term security, political, energy, and economic ramifications.

It is no secret that the United States has serious concerns about the pipeline. Within the executive branch, we have explored a broad set of analytical questions in the context of our deliberations on this project and East-West energy relations more generally. Our strong concern is that this project crosses the threshold of a prudent level of European dependency on Soviet gas. But because the Europeans see this project as enhancing their energy security by permitting them to diversify away from oil and unpredictable suppliers, our simply objecting to the project would be an inadequate response. We, therefore, plan to suggest to the European countries alternative ways in which European energy security can be enhanced, including measures they can take on their own as well as those on which we and they can cooperate.

My colleagues from other executive agencies will discuss commerical factors and alternative energy options available to the Europeans. I will address my comments to the energy security aspect of the pipeline and the role of gas in Europe's energy profile.

European Gas Consumption

During the 1970s, natural gas became an increasingly important fuel in European markets. A number of factors, including the advent of advanced exploration and production technologies, discovery and development of additional European gas reserves, and the decline of the European coal industry, contributed to the expanded production and use of gas.

Of particular importance was the economic and political volatility of international oil markets after 1973. After the 1973 OAPEC [Organization of Arab Petroleum Exporting Countries] oil embargo, we and other industrial nations recognized that we had become excessively dependent on insecure and expensive supplies of imported oil. A reduction of this oil-import dependence became a central element of the energy policies of most industrial nations. We pursued this objective vigorously in the International Energy Agency and at annual economic summit meetings. The oil supply interruptions of 1979 and 1980 gave new impetus to reducing reliance on oil.

The problem of oil-import dependence was especially acute in Europe. Most European nations were more dependent on oil imports than we. Furthermore, a much larger share of these imports came from the politically volatile gulf region. European leaders began to view expanded gas use as an effective way to reduce their national dependence on unpredictable imported oil.

The volume of natural gas consumed in Western Europe increased by about 50% between 1973 and 1980. This growth rate significantly exceeded that of total energy demand; thus gas's share of the energy market increased rapidly. In 1973 gas provided less than 10% of total West European energy needs. By 1980 gas accounted for approximately 14% of total West European energy consumption and 18% of the energy consumption of the six countries (Austria, Belgium, France, Germany, Italy, and the Netherlands) currently involved in the Siberian pipeline negotiations.

Gas use grew most rapidly in the residential and commercial sectors, where consumption rose by nearly 80% between 1973 and 1979. Industrial gas use expanded much more slowly but still increased by 27% in this period.

Price competitiveness was probably the conclusive selling point for European gas consumers during the 1970s. In 1973 gas prices were approximately two-thirds that of crude oil. But between 1974 and 1977, the price was closer to one-half that of crude. This favorable cost relationship and generally more stable and predictable price encouraged expanded gas consumption and substitution for oil.

Substantial growth in the gas market enabled producers and consumers to secure long-term supply agreements which justified investments in new exploration and development, pipelines, LNG [liquefied natural gas] tankers and facilities, distribution networks, and new or converted gas-powered equipment. Furthermore, the rapid expansion of consumption and investments created a new enthusiasm in the gas industry and the impression that the unprecedented rates of growth would continue.

It appeared that European consumers could use all gas made available to them. The expectation that gas demand would grow sent analysts off to their computers to predict the scale of future gas trade, and government and industry officials off to the marketplace and foreign capitals in search of new gas sources which would meet future needs.

Role of Imported Gas

Before the gas boom of the 1970s, indigenous European production had met almost all European gas demand. Europe first began importing small amounts of gas in 1965. Total West European dependence on imported gas was less than 5% in 1973. But it zoomed to over 16% in 1980.

Growth in indigenous production, largely in the North Sea and the Netherlands, still satisfied more than half of the increased gas demand from 1973 to 1980. However, gas discoveries did not keep pace with rising consumption, and the expected life of known European reserves began to drop. In 1979, for example, experts estimated that known European gas reserves would last only 19 years at the then-present rates of production.

More immediately, other technical and political factors promised to limit the amount of gas indigenous producers could supply. Norway and the Netherlands adopted conservative production policies designed to extend the life of their reserves. Many of the most easily accessible European reserves were nearing the end of their productive lives. Other key European fields were resolution is $4 million. Although this is relatively small, particularly in comparison with similar programs carried out by our major competitors—such as Japan, France, and Germany—the program has a tremendous multiplier effect for U.S. exports.

Essentially, the program seeks to tie U.S. firms into large-scale projects which will be financed by developing countries. Since many of the projects TDP is interested in run into hundreds of millions of dollars, the export potential for the United States is very high. The Trade and Development Program is thus an ideal way in which to foster a mutually beneficial relationship between the United States and the developing world. The following are some of the main approaches which the Reagan Administration plans to take to facilitate U.S. trade through the TDP.

First, TDP funds will be made available at the most critical stage in the planning process of a development project—namely, at the point where U.S. firms are in the final stages of the bidding process for feasibility studies for large-scale projects. For example, we plan to replicate a major success TDP achieved early this year in the Philippines. It was brought to our attention that several countries had offered to conduct, free of charge, a feasibility study for a major steel mill which the Government of the Philippines planned to construct. TDP learned that several U.S. firms were competing for this study and concluded that, given the offer of other nations to conduct the study free, a U.S. firm would most probably not win the bid for the feasibility study. We, in turn, offered a grant of $300,000 to the Government of the Philippines to cost-share on the study if a U.S. firm would be awarded the feasibility study contract. The Philippine Government agreed, and U.S. Steel was awarded not only the TDP-financed $300,000 contract but also an additional $4.8 million contract from the Government of the Philippines.

Second, we will concentrate increasingly on the coal and alternate energy sectors. Developing nations desperately need to move away from oil-based energy sources to other sources of energy. Both the U.S. Government and the private sector have devoted huge sums of money to develop new energy technologies with the result that the United States is highly competitive in these areas. TDP is very active in marrying the needs of the developing nations with available U.S. technology and the U.S. firms which can supply it. Moreover, by helping a nation to convert its power base from oil to energy sources such as coal—as TDP is now doing in Jamaica—we also help open export markets for U.S. coal.

Third, we will attempt to use TDP to facilitate access to natural resources of interest to the U.S. Section 661 of the Foreign Assistance Act, which authorizes funds for TDP and specifically encourages the use of TDP funds in this area. In light of our nation's reliance on developing nations for minerals and metals of strategic importance to the United States, we are reviewing with the U.S. Geological Survey, the Bureau of Mines, and other concerned agencies how a portion of TDP's budget might be used to help nations develop the resources we badly need.

Private Sector Approach

I would now like to address our strategy for furthering trade and investment to be carried out by the new Bureau for Private Enterprise. Recognizing that limited AID funds require a targeted approach, the Bureau for Private Enterprise, working with AID's regional bureaus and missions abroad, has selected several countries to receive initial attention—Indonesia, Sri Lanka, Thailand, and Pakistan in Asia; Ivory Coast, Kenya, and Zimbabwe in Africa; Jamaica and Costa Rica in this hemisphere; and Egypt in the Middle East.

Criteria for selection included whether the targeted country had a private sector that was recognized and supported by the host government, whether it was strategically and commercially important to the United States, and whether the United States already had a presence there in the form of an AID mission.

For each country we expect to target a portion of 1982 or 1983 funds for private-sector-related activities; this target will fall within the existing AID overall country budget. As to the specific amounts, we are now in the process of consulting with the House and Senate Appropriations Subcommittees on Foreign Operations, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee. This is not merely ratification but an exchange of views and no numbers can be given until consultation is completed. As to the internal AID mechanism for approving the projects, the project concept will be jointly agreed upon by the AID country mission and the Bureau for Private Enterprise.

On Wednesday, the first of seven reconnaissance missions, headed by an AID official but including business representatives and financial and investment experts, will leave for Indonesia to explore investment and other development opportunities. The team will include George Ferris, Jr., Chairman of the Board, Ferris & Company, Washington, D.C., Dr. Joel Godhard, a prominent Washington consultant on business strategies; Mr. Ron Katz, an Indonesian-speaking lawyer and Rhodes scholar with a San Francisco law firm; and Mr. R. Jordan, a well-known agribusiness specialist. Their findings will determine exactly what AID may be able to do to stimulate private sector activity in that important nation.

Missions are also scheduled to go to Kenya, Sri Lanka, and Thailand before the end of the year. AID will also be represented on OPIC missions scheduled for Jamaica and Zimbabwe between now and February 1982.

The purpose of the private sector reconnaissance missions will be threefold:

- To determine, one, whether the country has an active and innovative private sector which wishes to expand or diversify investments in job-creating enterprises;
- Two, whether the government has created the climate and infrastructure in terms of policies, procedures, and financial markets to support expanded private sector investments; and
- Three, what are the key opportunities, ideas, or proposals for private sector investments that are developmentally oriented and where AID in some way could facilitate the investment being made. In this latter case, we see a very important role for U.S. private sector involvement, either as a joint partner or as a source of technology, marketing, and managerial skills or other mutually advantageous arrangements.

These missions will be assisted by ad hoc advisers primarily from the private sector, in thinking through both the opportunities and the problems of assisting the targeted countries in private sector development. AID will then suggest to the government and to the AID mission how we, or the U.S. private sector, might be of assistance, either through advisory services in the policy area, capital market development, or in training to facilitate private sector development in that country. AID will also suggest what we perceive as good developmentally oriented private sector opportunities.

The bureau will be working closely with OPIC which has considerable experience in identifying investment opportunities. However, unlike OPIC, we will engage in actually devoting U.S. financial resources now managed by AID to help further U.S. and indigenous private sector involvement in the development process.

AID's subsequent role in developing these opportunities further may be no more than bringing the parties together or financing some preliminary marketing or pre-feasibility studies that would clarify the investment opportunity. I want to stress that AID will take a more active role in assessing the various constraints affecting the success of a particular project and will suggest to the potential investors how they and we might put the various pieces together to make it a good investment. In so doing, we will also examine host country policy affecting the investment and where necessary make appropriate recommendations to the host country so as to facilitate the investment.

We could envision AID in some cases making a financial contribution to particular developmentally oriented projects, either through financial intermediaries that we would support or more directly. If training or small infrastructure investments were particularly important in generating a significant amount of new private sector investment—e.g., processing and marketing agricultural produce—AID might become involved in financing more traditional AID programs to meet that need. We envision some projects, when fully developed, being managed primarily by the private investors but with AID oversight. I believe there are many cases in the developing world where the U.S. investor, in particular, would feel more comfortable in terms of assessing his risks and making an investment decision if the U.S. Government had an involvement in the project in some way. Depending on the circumstances, AID's role might be as a facilitator. In others, we might be a cofinancer with a private bank, the International Finance Corporation, the World Bank, or other multilateral or bilateral donor agencies.

An illustrative project we might package and finance is as follows: A developing country desires to export packaged or processed vegetables, rather than fresh vegetables, to a neighboring high-income country. Productivity per hectare is relatively low by international standards; use of water per irrigated hectare is high. However, agriculture pricing policy provides the right market signals to the farmer, and labor costs in the country, compared to alternative suppliers of similar products, are low. What the country lacks is packaging, processing, and export marketing know-how. The entrepreneur in the developing country has money and managerial talent but lacks knowledge of cost accounting, training of labor in the vegetable processing field, and marketing. This is an opportunity for AID to help put the project together combining new production, marketing, and training technology which the United States can offer with indigenous resources of land, labor, and entrepreneurial talent.

An American partner in this project may offer the technology for higher yield production of vegetables for the export market—seed, irrigation, plant protection—which would be offered to private farmers to produce on contract to the processing plant. A guaranteed quantity and price before planting would reduce the farmer's risk and be an incentive for him to use the new technology offered. The American partner may also make an equity investment in the processing plant, provide cost accounting and training advice and perhaps undertake the marketing of the processed product either as a joint partner or on contract. AID may be involved directly or through an intermediate institution in putting the project together, doing studies, providing credit for the farmers, financing pilot demonstration plots on new technology or more efficient use of water, or take a financial position in the processing plant for the first few years to get the project going and arrange for training.

Let me turn now to the work we are doing with the International Finance Corporation. The Bureau for Private Enterprise is developing a close working relationship with the IFC—the World Bank arm that promotes private enterprise projects in developing nations—where we find a common purpose. The bureau will work with the IFC on capital market development and job-creating investment in the targeted countries. In the action program enunciated by President Reagan last week was this reference:

> We seek to increase cofinancing and other private financing with the multilateral development banks. We want to enhance the international activities which foster private sector debt and equity financing of investments in the developing countries. Its program is increasing in both size and diversity, and the bulk of International Finance Corporation (IFC) projects are privately financed in the developing countries from domestic and external sources.

The bureau will also manage a program to seek out and respond to particularly attractive developmentally oriented private sector opportunities outside the framework of the specific country allocations. Agribusiness, training, and cofinancing with development banks or venture capital organizations and the IFC will be a particular focus.

The bureau will also have the responsibility for managing the International Executive Service Corps' centrally funded project. As I'm sure you are aware, this private and voluntary organization, comprised of retired executives, plays an important role in augmenting AID's manpower. We are honored that they are a part of this team effort. We are also reviewing other centrally funded projects which we may move to the new bureau as appropriate.

In developing its program, the Bureau for Private Enterprise will benefit from the advice of a private sector advisory council, drawn from all segments of the private sector, which is now being formed.

New Approaches

In addition to the work to be undertaken by the new Bureau for Private Enterprise and the ongoing AID projects, we also plan to undertake the following steps:

- Expand AID's Trade and Development Program efforts to conduct feasibility studies and other planning services for development projects. Missions will also expand their funding of studies to identify and encourage private sector development and U.S. exports;
- Establish significant cofinancing programs for development projects with private commercial banks and venture capital firms, both U.S. and LDC based. I would like to stress that in referring to cofinancing, we are not talking about mixed credits for export promotion in the context of the activities of the Export-Import Bank; the matter of mixed credits is now under review by the Administration. Rather, in referring to cofinancing, we are talking in terms of joint ventures to stimulate private investment in productive enterprises. The

you haven't gotten into the area that I'm going to turn over to the Secretary of Defense.

I could say this: The plan also includes the hardening of silos so that they are protected against nuclear attack. We know that is not permanent. We know that they can then improve their accuracy, their power, and their ability, but it will take them some time to do that, and they will have to devote a decided effort to doing that.

Q. This is a way, then, of buying time?

A. In a way, of narrowing that "window of vulnerability."

Q. Some people already are saying that your decisions are based, to a large extent, on politics—domestic politics—so let me ask you about two points: One, that you never considered the racetrack system because it was proposed by Jimmy Carter, and you didn't want to have anything to do with something that he had proposed; and, two, that you're not basing the MX in Utah and Nevada because of opposition from the Mormon Church and your good friend, Senator Paul Laxalt.

A. I can tell you now, no, the entire study of the basis for basing—I got tangled up there with two words that sounded so much alike—the MX missile was a very thorough study of all those proposals that had been made. And actually, I could refer you to the Town's Commission, their study, and their report that we would not have an invulnerable missile basing by doing that; that all they would have to do is increase the number of targeted warheads on that particular area and take out the whole area. And while it would force them to build additional missiles, we would be just as vulnerable as we are in the present Minutemen.

Q. Laxalt didn't persuade you?

A. No, no.

Q. Your predecessor killed the B-1 manned bomber because he said it couldn't penetrate Soviet air defenses. The Soviets can make a lot of progress in radar between now and 1986. Can you guarantee that the B-1 could penetrate Soviet air defenses, and is it the best plane as a cruise missile launch platform?

A. I think, again, you're getting in—I think that my few minutes are up—[laughter]—and I'm going to turn that question over to Cap. I think I know the answer to it, but I do believe that you are getting into the kind of questions that he is properly—

Q. Could you tell us why you decided to build the B-1 as opposed to your predecessor's decision not to build it? Do you think it can penetrate Soviet air space?

A. We have to have it, because between the aging B-52 and the bomber we are developing, the newer bomber, there is too long a time gap in there and would leave us a very lengthy, vulnerable period. And the B-1 is designed not just to fill that gap, but it will then have a cruise missile carrying capacity later, in which it will still be worth the cost of building and worth having.

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[1] Text from Weekly Compilation of Presidential Documents of Oct. 5, 1981. ■

Prospects for Arms Control

by Eugene V. Rostow

Statement made in Committee I (Political and Security) of the U.N. General Assembly in New York on October 21, 1981. Mr. Rostow is Director of the Arms Control and Disarmament Agency.[1]

It is a privilege for me to address Committee I [Political and Security] of the General Assembly in order to present the views of my government on arms control and disarmament, both the major items on the arms control agenda of the United Nations, and some related problems as well. If you will permit me a personal note, I have long been involved in U.N. affairs. I served in the Secretariat years ago and look back to that experience with pride. And a considerable part of my scholarly work has been devoted to the study of the United Nations as a peacekeeping institution.

The people and Government of the United States have always viewed the Charter and the institutions of the United Nations as critically important elements of the world political system. The American people know that the United Nations is part of the skeleton and the central nervous system of world politics. And they look to it with hope. The charter embodies an agreed code of values which define the necessary terms of international cooperation—the rules which should guide and animate the behavior of states and unite the members of the United Nations, for all their differences, into a single society and polity. The code of the charter has grown out of nearly 200 years of trial and error in the long struggle of the enlightenment to conquer or at least tame the aggressive instincts of man. If the charter rules—and especially its rule dealing with the international use of force—should finally disappear as an influence on the behavior of states, world public order would collapse into anarchy, and general war would inevitably ensue.

Committee I is the designated forum for discussions of arms control, disarmament, and international security issues. Its authority derives not only from its mandate but from the distinction of its past achievements. It is, surely, the premier forum in which the nations can consider what they should do to lift the crushing burden of arms and the threat of war from the backs and minds of their people.

The United States approaches the problems of arms control not as isolated abstractions but as components of the larger problem of international security and stability. After all, arms control initiatives are meaningless unless they are viewed as aspects of a comprehensive strategy to achieve and to maintain peace.

The traditional discussion of many hardy perennials on the U.N. arms control agenda often has an air of unreality, to say the least. The reason for this tone of unworldliness at the United Nations is that it has become a habit among us not to talk about the central issues in any examination of the problem of peace—the declining influence of Article 2(4) of the U.N. Charter on the behavior of states. The charter says, and I quote,

> All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.

The last two decades have witnessed a rising tide of threats to the peace, breaches of the peace, and aggressions—actions which involved the use or the threat of force against the territorial integrity or political independence of states. Far too often, in the United Nations and elsewhere, we write and talk as if peace could be secured through the adoption of an aseptic formula for limiting or abolishing nuclear tests or controlling international arms transfers or declaring our undying faith in the principles of universal disarmament. We make such speeches and draft such resolutions while the manufacture of arms sets new records every year as the leading growth industry throughout the world, while state after state around the world is under threat or under attack, while unprovoked invasions occur without even the pretense of the excuse of self-defense, and while armed bands and terrorists cross international frontiers to assault the political independence of states.

As the fever of aggression spreads, the world community does less and less to vindicate the basic principle of article 2(4), the principle of the equality and integrity of all states, the rock on which the charter and the state system rest. As a distinguished American scholar has commented, the world community now treats such events with a "normative silence" which is "deafening" and ominous. As a result, more and more states live in fear and trembling. They turn to arms, even to nuclear arms, to assure their survival. Somehow or other they find arms, despite our rules.

Unless we confront these facts and restore general and reciprocal respect for the principles of Article 2(4) of the U.N. Charter, the slide toward anarchy will engulf us all. Achieving peace is not a simple matter to be settled on the cheap and without tears. Peace requires more than the drafting of treaties and resolutions, however worthy. Until we take effective steps to see to it that the charter, the arms control treaties, and the legally binding decisions of the Security Council are obeyed; until we can verify and assure compliance with their terms, much of what passes for arms control will be a sterile exercise at best and often, alas, no more than a charade.

My first point today, therefore, is to assure you that in this forum and in all other fora my government will urge that we examine the problems of arms control and disarmament on our agenda in the full light of reality. To that end, we shall propose and support a series of initiatives designed to focus attention systematically on the principal problems of establishing peace.

Soviet Expansionism

The underlying cause of the declining influence of article 2(4) in world affairs, and the corresponding eclipse of arms control, is the expansionist policy of the Soviet Union and the extraordinary military buildup on which it is based. The Soviet Union does not initiate all the turbulence in the world. A great deal occurs because of other factors. What the Soviet Union does is to exploit and manipulate regional turbulence in the interest of enlarging its own sphere of dominance.

I make this comment not to engage in idle polemics but simply to state a self-evident fact known to everyone in this room. It is a fact of critical importance, which is fundamental to the decisions which my government has had to take and which other governments are taking as well—decisions to restore the balance of power, to deepen the solidarity of our alliances and other friendly relations of security cooperation, and to allow the community of nations to live in peace. In our relations with the Soviet Union, we must insist on the only possible rule of true detente—that of scrupulous and reciprocal respect for the provisions of the U.N. Charter regarding the international use of force.

Soviet expansionism is aimed at destroying the world balance of forces on which the survival of freedom depends.

Over the past decade, the world has endured the shock of the Soviet Union's accelerating drive for dominance, based upon an extraordinary allocation of its resources for military purpose. That drive is a clear and present danger to world peace and human freedom.

The goal of the Soviet Union's military buildup is to attain military superiority, superiority in both the destructive power of its nuclear forces and in the global reach of its conventional forces. As the British and American Governments pointed out some years ago, and as all the independent studies of the subject agree, the Soviet buildup cannot be explained solely in terms of defense, however broadly the concept of defense is interpreted. The record speaks for itself.

Soviet expansionism is aimed at destroying the world balance of forces on which the survival of freedom depends. This drive is being carried on by methods openly in violation of the principles of the U.N. Charter. The instabilities thus created have impelled many developing nations to seek and acquire weapons with which to protect their perceived national interests.

Thus far, I have recalled for you only the visible manifestations of the Soviet drive for power in the Third World—its quest for client states and strategic positions, and its tendency to take advantage of every opportunity to enlarge its domain by the use of proxy forces, military assistance, subversion, or terrorism.

I should now say a few words about the issue of nuclear arms and nuclear arms control which are at the center of Soviet strategic doctrine. The United States views the effort to bring the nuclear weapon under international control as the most important task of those who seek to realize the promise of peace. Without success in this effort, no other success in the field of arms control will be possible.

A basic dilemma has haunted nuclear arms control negotiations from their beginning. For many years the United States assumed that the Soviet Union shared its view that the objective of arms control negotiations should be to allow each side the same right to maintain deterrence, a retaliatory capacity, and stability.

There have been occasions where East and West have had the same approach to an arms control problem, for example, on the question of nuclear weapons proliferation. The Nonproliferation Treaty of 1968 demonstrated how real gains in security can result when the Soviet Union recognizes its fundamental national interest in the stability of the state system. It is no longer possible to assume a mutuality of interest: The United States and the Soviet Union have different policies with regard to nuclear and conventional weapons. Therefore, they have different objectives in negotiating to limit the spiral of nuclear and conventional arms accumulation.

SALT [Strategic Arms Limitation Talks] is a case in point. U.S. nuclear doctrine is clear. Our goals are deterrence and stability. Our nuclear arsenal exists to make certain that neither the Soviet Union nor any other country can use or threaten to use nuclear weapons for aggressive purposes or threaten the ultimate interests of the United States by any other means. Our purpose is to maintain a credible second-strike nuclear capability so that the United States, its

Tunisia
Agreement for sales of agricultural commodities, relating to the agreement of June 7, 1976 (TIAS 8506), with minutes of negotiation. Signed at Tunis Aug. 27, 1981. Entered into force Aug. 27, 1981.

United Kingdom
Memorandum of understanding concerning the shared use of U.K. and U.S. controlled facilities in the U.K., with annexes. Signed at Mildenhall and London Aug. 19 and Sept. 8, 1981. Entered into force Sept. 8, 1981.

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[1] Not in force.

[2] Not in force for the United States.

[3] Chapter II not in force for the United States.

[4] With a statement.

[5] With a reservation. ■

October 1981

October 2
President Reagan announces a five-point program to revitalize U.S. strategic forces which would include:

- improvement in communications and control systems;
- modernization of strategic bombers;
- deployment of new submarine-launched missiles;
- step-by-step plan to improve the strength and accuracy of new land-based missiles, and to lessen their vulnerability; and
- improvements in strategic defenses.

Iran holds its third post-revolution presidential election to vote for a successor to President Rajai who was assassinated Aug. 30.

President Reagan meets with Egyptian Vice President Mohamed H[illegible] Mubarak to discuss sending U.S. arms to Sudan.

October 3
Prime Minister Prem Tinsulanonda of Thailand makes private visit to the U.S. Oct. 3–[illegible] and to Washington, D.C., Oct. 5–[illegible]

October 5
Five-day International Conference on Hazardous Waste opens at the Department of State.

Islamic cleric Hojjatoseslam Sayed Ali Khamenei becomes Iran's third President, the nation's first clergyman head of state.

President Reagan signs into law legislation making Raoul Wallenberg an honorary U.S. citizen.

October 6
Egyptian President Anwar al-Sadat is assassinated in Egypt while watching a military parade commemorating the 1973 war against Israel.

White House announces the members of the official U.S. delegation to the funeral services for President Sadat to be held in Cairo October 9. In addition to the three former Presidents—Richard M. Nixon, Gerald R. Ford, and Jimmy Carter and Mrs. Carter—the delegation includes Secretary of State Alexander M. Haig, Jr., head of delegation; Secretary of Defense Caspar W. Weinberger; U.S. Representative to the U.N. Jeane J. Kirkpatrick; Chief of Staff, U.S. Army Gen. Edward C. Meyer; Assistant to the President Joseph W. Canzeri; U.S. Senators Strom Thurmond, Charles H. Percy, and Claiborne Pell; Congressmen Jim Wright, Clement J. Zablocki, and William S. Broomfield; Chief of Protocol Lenore Annenberg; Dr. Henry A. Kissinger, former Secretary of State, Nixon and Ford Administrations; Amb. Sol M. Linowitz, Personal Representative of the President for the Middle East Peace Negotiations, Carter Administration; and Sam Brown, friend of President Sadat.

October 7
By a vote of 330 to 0, Egyptian Parliament nominates Vice President Hosni Mubarak to succeed Sadat as President of Egypt.

By a vote of 28 to 8, House Foreign Affairs Committee votes against President Reagan's plan to sell $8,500 million in defense equipment, including five AWACS [airborne warning and control system] aircraft, to Saudi Arabia.

U.S. Senate passes bill authorizing U.S. participation in the Multinational Force and Observers in the Sinai.

October 9
State Department releases four-page special report accusing the Soviet Union of using "disinformation, forgery, and blackmail to discredit and weaken the United States and other nations."

Office of U.S. Trade Representative announces that the U.S. Government has concluded its review of the Sixth International Tin Agreement (ITA) and will not join the new agreement scheduled to enter into force July 1, 1982.

October 11
Vice President Bush makes official visit to the Dominican Republic—Santo Domingo Oct. 11–14; Colombia—Bogota and Brasilia Oct. 14–16; and Brazil—Rio de Janeiro Oct. 16–17.

October 12
King Juan Carlos and Queen Sophia of Spain make official visit to Washington, D.C. Oct. 12–16.

October 14
Nobel Peace Prize is awarded to the Office of the U.N. High Commissioner for Refugees.

By a vote of 301 to 111, U.S. House of Representatives vote not to approve President Reagan's proposed sale of AWACS aircraft to Saudi Arabia.

U.S. sends two radar surveillance planes to Egypt for "an indeterminate period" to show U.S. commitment to Egyptian and Sudanese security.

October 15
President Reagan makes trip to Philadelphia, Pa. to address the World Affairs Council on U.S. policy on world development problems.

By a vote of 9 to 8, Senate Foreign Relations Committee votes to recommend disapproval of President Reagan's plan to sell AWACS aircraft to Saudi Arabia.

Iran's Prime Minister Ayatollah Mohammed Riza Mahdavi-Kani resigns.

October 16
Israeli soldier-statesman Moshe Dayan dies in Tel Aviv.

President Reagan proclaims Oct. 16 World Food Day.

October 17
White House announces official U.S. delegation attending funeral services for Moshe Dayan Oct. 18. The delegation will include Attorney General and Mrs. William French Smith; Senator and Mrs. Roger W. Jepsen; Senator Edward Zorinsky; Representative and Mrs. Richard Cheney; Representative Mickey Edwards; and Mr. and Mrs. Jack Stein, the White House.

October 18
Greece holds parliamentary elections. Prime Minister George Rallis of the New Democracy Party concedes defeat to Andreas Papandreaou, leader of the Panhellenic Socialist Movement, ending 35 years of conservative rule.

Central Committee of Poland's Communist Party elects Premier Wohciech Jaruzelski the new party leader. He succeeds Stanislaw Kania who resigned.

President Reagan departs for Yorktown and Williamsburg, Va. to attend the Bicentennial Observance of the Battle of Yorktown Oct. 15–19. Also attending the ceremonies are French President Francois Mitterrand and Mrs. Mitterrand and Rt. Honorable Lord Hailsham, Lord Chancellor of the United Kingdom.

October 20
President Reagan transmits 12th Report of the U.S. Sinai Support Mission to the Congress. The report covers mission activities during the 6-month period ending Oct. 1, 1981.

Defense ministers of NATO meet in Gleneagles, Scotland Oct. 20–21 and issue a communique emphasizing that the "full spectrum of the military power of the United States" is committed to the overall defense of the alliance countries.

October 21
President Reagan departs Washington to attend the International Meeting on Cooperation and Development to be held Oct. 22–23, in Cancun, Mexico.

October 22
Government leaders from 8 industrialized and 14 developing nations and U.N. Secretary-General Kurt Waldheim attend the International Meeting on Cooperation and Development held in Cancun, Mexico Oct. 22–23.

Mexican President Lopez Portillo and Canadian Prime Minister Pierre Trudeau are cochairmen of the meeting.

Egyptian, Israeli, and U.S. negotiators open round of talks on Palestinian autonomy in Tel Aviv.

October 26
International Liberators Conference of the U.S. Holocaust Memorial Council is held at Department of State Oct. 26–28.

Delegation of five-nation Western contact group on Namibia—Canada, Britain, France, F.R.G., and U.S.—opens a nine-stop Africa trip to discuss proposals for dealing with remaining issues in the Namibian independence negotiations. The delegation will travel to Nigeria, the front line states—Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe—South Africa, and Namibia. Assistant Secretary for African Affairs Chester Crocker leads U.S. delegation.

Egypt and Israel agree to hold another session of ministerial talks on Palestinian autonomy, Nov. 4, in Cairo.

The following newly appointed Ambassadors presented their credentials to President Reagan: Ernest Corea of Sri Lanka, Inacio Semedo, Jr. of Guinea-Bissau, Ahmad Salim Al-Mokarrab of the United Arab Emirates, Esteban Arpad Takacs of Argentina, Mohammad Abdallah al-Iryani of Yemen Arab Republic, Dr. Janos Petran of Hungary, and Abdul Hadi Majali of Jordan.

October 27
Madrid Conference on Security and Cooperation in Europe followup meeting resumes after a 3-month recess. U.S. delegation is chaired by Amb. Max M. Kampelman.

Finnish President Urho Kekkonen resigns because of illness.

Department of State releases a set of principles which the Western five offer as a basis for electing a Constituent Assembly and drafting a Constitution for Namibia.

October 28
U.S. announces it will sell Poland $31 million in food aid from U.S. Department of Agriculture CCC [Commodity Credit Corporation] stocks. The commodities are for use in a preschool feeding program in Poland under the auspices of CARE, Inc.

By a vote of 52 to 48, U.S. Senate approves the sale of AWACS aircraft to Saudi Arabia.

October 29
Chinese Vice Premier and Foreign Minister Huang Hua makes official visit to Washington, D.C. Oct. 29–30 for talks with President Reagan, Secretary Haig, and other senior U.S. Government officials.

Meeting in Geneva, members of OPEC [Organization of Petroleum Exporting Countries] issue a communique setting a common base price of $34 a barrel for crude oil and freezing the price at that level until the end of 1982.

Tenth Conference of U.S.-Japan Cooperative Program on the Development and Utilization of Natural Resources held at Department of State Oct. 29–30, 1981.

October 31
Iran's Mir Hossein Mousavi is formally appointed Prime Minister of Iran. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
327	10/1	Haig: statement before the Senate Foreign Relations Committee.
*328	10/2	International Hazardous Waste Conference, Oct. 5–9.
329	10/5	Haig: statement before the Senate Foreign Relations Committee.
*330	10/5	John Gunther Dean sworn in as Ambassador to Thailand (biographic data).
*331	10/5	Dominick L. DiCarlo sworn in as Assistant Secretary for International Narcotics Matters (biographic data).
*332	10/5	International Telegraphic and Telephone Consultative Committee (CCITT), Integrated Services Digital Network (ISDN) working party, Oct. 21.
*333	10/5	CCITT, study group D, Oct. 22.
*334	10/5	Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on containers and cargoes, Oct. 28.
*335	10/5	SCC, SOLAS, Oct. 29.
*336	10/5	SCC, SOLAS, Nov. 24.
*337	10/5	Advisory Committee on International Investment, Technology, and Development, working group on treatment of investment and special investment problems, Oct. 29.
338	10/6	Haig: statement on assassination of Egyptian President Sadat.
339	10/7	Haig: news conference.
*340	10/9	Program for the State visit of Their Majesties King Juan Carlos I and Queen Sophia of Spain, Oct. 12–16.
341	10/13	Haig: remarks on "Good Morning, America."
*342	10/13	CCITT, study group A, Oct. 27.
*343	10/13	Advisory Committee on the Law of the Sea, Nov. 2–3.
*344	10/13	Advisory Committee on Historical Diplomatic Documentation, Nov. 13.
*345	10/1	Haig, Kamal Hassen Ali: remarks in Cairo, Oct. 11.
*346	10/14	Haig, Mubarak: remarks in Cairo, Oct. 11.
347	10/13	Haig: interview on "Meet the Press," Oct. 11.
*348	10/16	M. Virginia Schafer sworn in as Ambassador to Papua New Guinea (biographic data).
*349	10/15	Economic Progress in Less-Developed Countries—background paper.
*350	10/19	Hugh Montgomery named Director of Intelligence and Research (biographic data).
*351	10/19	Advisory Committee on International Investment, Technology, and Development, working group on transborder data flows, Nov. 4.
*352	10/21	U.S., Pakistan amend textile agreement, Sept. 4 and 10.
*353	10/21	U.S., Korea amend textile agreement, Aug. 13 and Sept. 9.
*354	10/23	Haig: interview with Diane Sawyer, CBS, Cancun, Oct. 22.
*355	10/27	Thomas R. Pickering sworn in as Ambassador to Nigeria (biographic data).
*356	10/27	National Committee of the U.S. Organization for the International Radio Consultative Committee (CCIR), Nov. 19.
*357	10/27	SCC, SOLAS, working group on radio-communications, Nov. 18.
*358	10/27	Overseas School Advisory Council, Dec. 15.
*359	10/29	Haig: interview with Marvin Kalb, NBC, Oct. 28.
*360	10/29	Haig: interview with Robert Pierpoint, CBS, Oct. 28.
*361	10/29	Program for the State visit of His Majesty King Hussein I of Jordan, Nov. 1–12.
*362	10/29	Haig: remarks before the International Liberators Conference of the U.S. Holocaust Memorial Council, Oct. 26.
363	10/30	Haig: interview for *Newsweek*, Oct. 29.
364	10/30	Haig: remarks before the National Foreign Conference for Editors and Broadcasters, Oct. 29.

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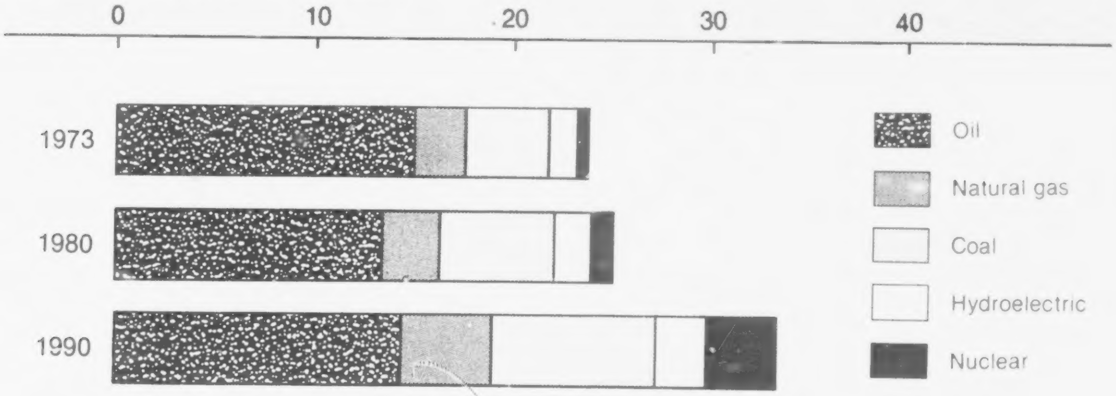
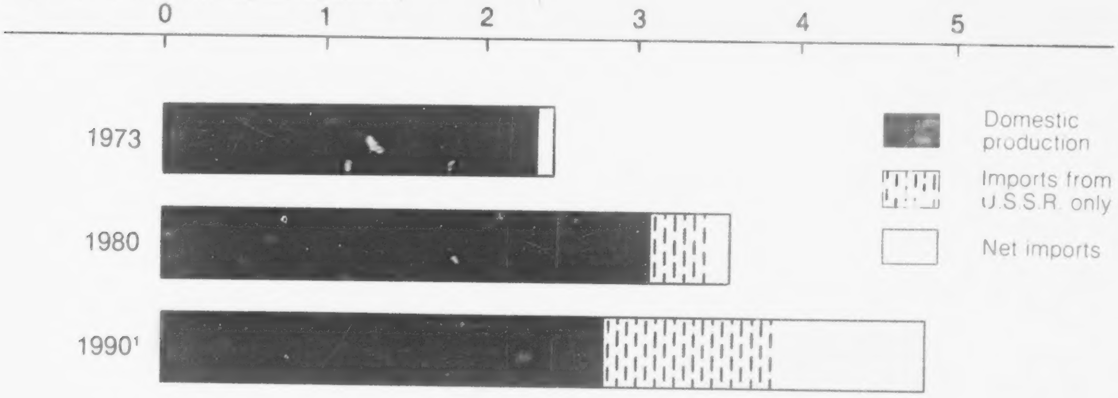
*Not printed in the BULLETIN. ■

Western Europe: Energy Consumption by Type of Fuel
(million barrels per day oil equivalent)



Western Europe: Natural Gas Supply
(million barrels per day oil equivalent)



¹Includes imports from the U.S.S.R. to be received under proposed revision of deal.

already producing at the highest sustainable rates.

Faced with a growing market and rising prices, the European gas industry increased drilling in deep water off-shore areas and at more marginal on-land sites. But this new indigenous production promised only to maintain a constant—or perhaps slightly falling—level of European output. In 1980 European governments projected that total European gas production would decline from 3.1 million barrels per day of oil equivalent (mmbdoe) in 1980 to 2.8 mmbdoe in 1990. European gas and government officials, therefore, began to consider how they could increase gas imports.

For a variety of technical, financial, and political reasons, the Soviet Union seemed the most promising source of imported gas. Soviet gas reserves are massive, more than one-third of total known world reserves. The Soviet gas could be shipped to West European markets by overland pipelines, a cheaper and technically more reliable means than LNG tankers. Energy sales to Western Europe are an important source of Soviet hard currency earnings (over 50% in 1979), which finance Soviet purchases of European machinery and manufactured products. Expanded purchases of Soviet gas promised to generate major new orders and jobs for the ailing European steel and machinery industries in particular. Finally, key European leaders have viewed expanded East-West commerce as a means for building political ties and moderating Soviet behavior.

From the Soviet perspective, European interest in Soviet gas was most welcome. The Soviet Union will probably have to cut back oil exports during this decade due to increasing domestic demand and a leveling off, or perhaps even a decline, in production. Gas appears to be one of the most readily available new hard currency earners. In addition, European purchases of Siberian gas would help Soviets finance the infrastructure costs of gas exploration and exploitation in outlying regions.

Soviet Gas

The setting which I have just described gives insight into the European desire, *in 1978*, to explore the prospects for a Siberian pipeline. Indeed, at that time, European leaders believed that their political-economic interests justified large, long-term gas contracts with the U.S.S.R.

But since 1978 the economic factors affecting East-West gas trade have changed dramatically. Overall energy growth rates are down and markets are soft. European gas demand fell last year for the first time ever, declining by 4%. Although demand for gas outpaced that of other fuels, it appears that the rate of substitution of gas for oil has slowed. Official estimates of future gas demand have been revised downward and the market is likely to be weak for a considerable period of time.

These fundamental changes in world energy markets raise serious questions as to whether the volume of gas contemplated for transmission through the pipeline can, in fact, find a market in Western Europe or, alternatively, whether the Soviet price expectations are not so high as to make the gas uncompetitive in most European markets. While the Soviets may wish to set the free-on-board price as close as possible to the Btu [British thermal unit] equivalent of crude oil, in the current market and for the foreseeable future such a high price will almost certainly make it impossible for the gas to be competitive with other forms of energy in Western Europe.

The Europeans and Soviets have taken account, to some extent, of the softening of the oil and gas market. In the beginning of 1980, reports noted the prospect that the Soviets and Europeans would construct a dual-strand pipeline from Siberia to deliver over 4 billion cubic feet per day (bcf/d) to Western Europe. (This would be equivalent in energy terms to about 700,000 barrels of oil daily.) The Soviets and West Europeans are now considering constructing a dual-strand pipeline in two distinct stages. The first strand could move roughly 3.0 bcf/d or the equivalent of about 500,000 barrels of oil daily. But even this volume is likely to be difficult to sell unless the price is extremely competitive.

Furthermore, in political terms, the risks involved in the pipeline project seem greater now. In the wake of the invasion of Afghanistan and developments in Eastern Europe, Western countries have become more attentive to the full set of risks associated with East-West energy trade.

Energy Security Implications

Let's consider how the proposed Siberian pipeline could alter the energy security of the West European pipeline

Western Europe: Dependence on Soviet Gas
(% of total gas and of total energy consumption)

	1979		Original 4bcf/d Project 1990¹		Revised 3bcf/d Project 1990	
	Gas	Energy	Gas	Energy	Gas	Energy
West Germany	14	2	29	6	24	5
France²	0	0	23-28	4	17-20	3
Italy	29	5	29	5	23	4
Netherlands	0	0	10	4	6	2
Belgium	0	0	32	8	19	5
Austria	59	12	82	18	62	14

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¹Based on individual government estimates of total gas and energy consumption.

²French-contracted volumes of Soviet natural gas were delivered to Italy in exchange for Italian-contracted gas from the Netherlands until February 1980.

participants. The table shows how European dependence on Soviet gas would grow from 1979 to 1990 if the pipeline were built to deliver the equivalent of over 700,000 barrels of oil daily. In most countries dependence on Soviet gas would more than double. The third column of the table presents rough estimates of comparable figures for the currently planned scaled-down pipeline, which would deliver the equivalent of over 500,000 barrels of oil daily.

One could argue, and many European energy officials have, that projected levels of European dependence on Soviet gas are small. With the scaled-down one-strand pipeline, dependence on Soviet energy will be 5% or less of total energy consumption in all countries except Austria. The Europeans conclude, therefore, that the Soviets would not gain any real leverage as a result of this pipeline.

European officials further argue that their use of Soviet gas is a necessary part of their strategy to reduce their oil consumption and to diversify their sources of energy. They postulate that Soviet gas imports, by reducing their dependence on fuels from the Middle East, would, on balance, improve their overall energy security. They note that the Soviet Union has never in the past shut off energy shipments to West European countries for political reasons and that Middle Eastern suppliers have. They contend that the only immediate alternatives to increased Soviet gas imports would be increased dependence on oil and gas from the least reliable Middle Eastern suppliers.

However, the volume of Soviet gas as a percentage of total European energy consumption is not a sufficient indicator of economic and political vulnerability. This is true for two major reasons.

First, gas is a difficult fuel to replace on short notice. Unlike oil, there is no spot market. Gas trade requires large start-up investments in pipelines or LNG facilities. Furthermore, it is much more expensive and technically challenging to hold large strategic stocks of gas as compared to oil. Certain regions will be very heavily dependent on Soviet gas and might apply strong pressure on national governments to avoid actions which could result in an interruption. In the event of an interruption, Soviet gas could not be readily replaced unless there were excess capacity in other parts of the European energy grid.

Second, as noted above, residential and commercial consumers are particularly dependent on gas. A cutoff of Soviet gas would be particularly onerous for these politically sensitive sectors. Thirty percent of gas from the pipeline is earmarked for residential use. Residential and commercial consumers are the least able to absorb an abrupt fuel supply interruption. Homeowners have limited capacity to switch easily to another fuel. Furthermore, gas prices would probably rise precipitously in the wake of a Soviet embargo and thus place a harsh financial burden on homeowners and commercial businesses. Hence, West European vulnerability to Soviet gas leverage could be substantial.

It is important to note that in the past the Soviet Union has used energy exports as a political lever, interrupting supplies to Yugoslavia, Israel, and China, among others. In addition, technical or seasonal difficulties—perhaps complicated by the need to divert gas from export to domestic use to make up for reduced deliveries of Iranian gas—forced the Soviets to slow some gas shipments to the West last winter and spring. The probability of further technical or seasonal interruptions may increase as the Soviets try to ship more gas from outlying and more risky Siberian provinces to Western Europe.

It is, of course, difficult to speculate just how Soviet energy leverage might be applied. But it is not unreasonable to assume that the Soviets from time to time would see the dependence of Western Europe on Soviet gas as an opportunity to try to obtain political and/or economic benefits. Even in the current bargaining stage, the Soviets have effectively used their leverage to secure most generous terms and to force the Europeans to underwrite much of the risk.

The Need To Minimize Vulnerability

In shaping our policy on this issue, we recognize the major differences between the United States and Europe in terms of vulnerability and the strong European determination to reduce dependence on oil and unpredictable suppliers thereof. We recognize also that the final decision on the pipeline is Europe's and that the consequences of their decision, for good or ill, will by felt primarily by Europeans, not Americans.

But we are Europe's friend and ally. To the degree that the pipeline affects Europe's political well-being and to the extent that it opens Europe to the threat of disruptions or indeed to actual disruptions of gas supplies, it also affects us. We, therefore, feel an obligation to present our concerns and our suggestions for improving European energy security through expansion of the supply of more reliable energy resources, diversification of European energy supplies, and better coordination of Western energy planning and policies.

We believe, in short, that there are alternatives to Soviet gas which better serve European economic, security, and political interests. We also are aware of reports that strand one of the pipeline has been virtually agreed upon. Anticipating this, the Europeans themselves are developing a mechanism to respond to interruptions through a safety net based on:

- The flexibility of indigenous European gas production;

World Bank and most bilateral aid agencies have also found that cofinancing, whether in the form of parallel or joint financing, is an important means of drawing private debt capital into development projects. By "blending" concessional funds with private credits, two principal benefits are realized: (1) scarce appropriated funds are "stretched" or "leveraged" and (2) private funds are channeled toward developmentally sound projects or transactions. On an ad hoc basis, AID in the past has cofinanced projects with other bilateral and multilateral development agencies. We intend now to develop a program to encourage cofinancing with private capital;

- Expand support of intermediate credit institutions, such as local private development banks, to provide capital to developing country private sector enterprises. For example, we are working with the private sector to establish a privately owned development bank in the eastern Caribbean;
- Increase support for managerial and technical training oriented to the private sector;
- Work in close cooperation with appropriate institutions in providing advisory services to developing countries in the following areas: capital market development, investment policy, and industrial and agribusiness policy;
- Stimulate private investment through development of investment opportunities in conjunction with OPIC guarantees and Export-Import Bank credits. We would envision a limited AID role in debt financing, either through the host country or direct lending to U.S. investors against bonds or debentures;
- Help alleviate bottlenecks in the marketing of LDC products. For example, two projects are in formative stages to facilitate interisland marketing in the Caribbean. One involves support to a privately owned regional shipping company which would service the small eastern Caribbean islands. The other is a regional agricultural marketing facility which would trade in fresh produce in the region; and
- Increase investment promotion activities. In this regard, international conventions are planned to link small and medium businesses from the United States with Caribbean businesses for the purpose of launching new joint ventures and transferring technology. A Caribbean project entails project identification activities, linking likely investing partners, and providing followup support to facilitate investment decisions. Also in the Caribbean, we are funding a project development program which will finance resident industrial development advisers. One of the primary functions of these advisers is to identify and appraise business ventures in the small eastern Caribbean islands. The advisers will help identify potential U.S. investors and facilitate business transactions.

Newly Approved AID Projects

Early this year, I undertook a comprehensive inventory of all AID private sector activities. The following is a highlight of those planned or ongoing activities which I believe merit continued support and, in many cases, replication.

In Latin America and the Caribbean, we have developed and funded a number of projects this year which strengthen private sector institutions and support private financial mechanisms.

In Jamaica, after the election of a new government dedicated to the free market under Prime Minister Seaga, the United States was the first nation to offer assistance, providing "bridge" financing to fill the gap pending larger scale support from the International Monetary Fund.

Our long-term objective in Jamaica is to strengthen key sectors of the Jamaican economy in order to stimulate production, exports, and jobs. We and the government have been working closely with the Rockefeller Committee[2] in identifying opportunities for private investment to create jobs and expand foreign exchange earnings. Through the offices of the Rockefeller Committee, and financed by AID, four American private sector advisers screened 408 investment proposals received by the Jamaicans. For those that looked promising, the consultants made contacts, initiated a dialogue, and helped bring interested parties together. We expect new and significant American and Jamaican investments will result from this pioneer effort.

The AID mission also recently responded to concerns raised by the tourism subcommittee of the Rockefeller Committee about the ability of hotels in Jamaica to respond adequately to an expected good winter tourist season. The International Executive Service Corps and private consultants financed by AID reviewed the situation and made recommendations which may result in the hotels better preparing themselves for this tourist season.

In Costa Rica, we have made a $10 million loan to the privately owned Agro-Industrial and Export Bank of Costa Rica (BANEX) to promote nontraditional exports from that country. Credit, banking, and marketing services are provided to help Costa Rican producers sell their products abroad. The AID loan is structured to leverage an equivalent amount of private commercial bank lending to BANEX.

In Central America, a recent $6 million loan to the Latin American Agribusiness Development Corporation (LAAD) will allow that organization to finance some 45 agribusiness projects expected to create 10,000 jobs in Central America. This program also encourages a cofinancing arrangement whereby LAAD will match the AID loan with $6 million in private bank borrowings. With the AID and private bank loans and LAAD's own resources, more than $29 million will be available for agribusiness projects in Central America. I should note that we are now considering replicating the LAAD approach in Africa.

In the Near East, a major development, which I personally approved, is the establishment of a new $25 million trade financing facility to enable U.S. companies who are low bidders to compete more favorably on international tenders where better terms of financing are necessary.

In closing, let me stress our deep appreciation for the interest you and your subcommittee have shown in our program. Today's hearing occurs on the eve of the Cancun conference where President Reagan will again stress the vital role of private enterprise in the development process. I will be joining our delegation to the summit, and I can assure you that we will very much keep in mind the thoughts and advice you will have offered today on the interaction of aid and trade.

ASSISTANT SECRETARY HORMATS

. . . .

Noninvestment Assistance

A number of the businessmen whom we have contacted have spoken about the advantages of increased private sector exchange programs, providing expertise through instruction here and abroad. This could take several forms:

Managers and technicians in key economic sectors could receive on-the-job instruction in the United States. For example, in the important agricultural sector, a leading agricultural university in a large West African country already sends farm managers to a cooperating American midwestern university which assigns the "students" individually to work on farms for specified training periods of several months. The trainee returns home mindful not only of the practical instruction received but of the American products to which he was exposed—the tractor, the air conditioner, the nutritive supplements added to feed mixes. Similar programs could be established for other interested countries and in other key development sectors.

Another approach suggested by a number of businessmen is assistance by U.S. private sector experts in critical phases of overseas projects. For example, an experienced manager or engineer serving as a consultant could make a significant contribution during the startup phase of a manufacturing plant.

This type of ad hoc, "hands-on" approach is also used successfully by the International Executive Service Corps. There seems to be potential for greater private sector contributions along these lines, both on a remunerative and a voluntary basis.

There are other approaches to the transfer of skills and know-how; many are already in use. Overseas banches can conduct onsite workshops and training programs at their plants and repair centers, open to nonemployees as well as employees. They might support local scientific and educational institutions.

Visiting American executives can serve as guest speakers at foreign universities and management institutes as well as at business forums. People abroad wish to learn about American business techniques. The American businessman is still regarded, perhaps increasingly, as having the know-how to vitalize an economy. The power of example can have significant impact. The reverse side of this approach is for the private sector to sponsor attendance of developing country personnel at international symposia and fairs.

Government Support for Business

I have mentioned in passing some areas in which the U.S. Government can help the private sector in its involvement in developing countries. What else can we do to assist? Let me state again my firm belief that government should not attempt to lead or to dominate but rather to support and to facilitate where needed. Excellent organizations, mechanisms, and systems already exist, outside and inside government, which can help U.S. business to do more along the lines I have suggested above. The State Department can encourage and, at times, act as a catalyst by linking ideas, persons, and institutions that can help make these ideas work. In the Department we plan to continue our dialogue with business leaders and others from the private sector so that we can understand their needs at firsthand and so that they can share our thoughts.

The Department of State and our ambassadors will also be playing a more active role in support of U.S. business efforts. Specifically, we will do more to assist American business to obtain a larger share of these markets and support them to insure fair treatment of their investments and a fuller share of the licensing, consulting, and other service contracts so intrinsic to the development process. We are determined that the State Department, in full partnership with the U.S. Trade Representative and the Commerce Department, should form part of a "business facilitation triad" which will work for a more open international trading and investment system in which U.S. companies can compete on fair and attractive terms for participation in LDC markets and development.

Secretary Haig has instructed our ambassadors to assign very high priority to supporting American business abroad and to encouraging LDC governments to develop a more hospitable environment for U.S. business and for private enterprise in general. He was very clear in his recent instruction to all ambassadors:

> I look to you to involve yourself personally in leading the U.S. Government commercial effort in your country. [There can be no] half-hearted, unsustained efforts or lip service. It must be a conviction and a major purpose in your ambassadorial stewardship.

In my Bureau for Economic and Business Affairs, we have strengthened the Office of Commercial Affairs as the central point for support for the business community. This office will aid in export-promotion efforts, the removal of export disincentives, and in helping solve problems for business abroad by cutting through the bureaucratic tangle which frequently prevents timely solutions.

The Trade Reorganization Act of 1979 established the new Foreign Commercial Service, administered by the Commerce Department, to handle export promotion efforts with our major trading partners. The State Department is working in full cooperation with the new service to insure its success, in addition to urging ambassadors and other senior embassy officers to do so. The State Department is directly involved in the commercial business, particularly in the developing world. We retain direct responsibility for commercial work in 75 countries which together purchased over $16 billion in U.S. merchandise and agricultural exports in 1980. It is important to support U.S. export efforts in these countries in the most effective way possible, and we plan to do so in ways that will benefit both economic growth in our own country and in the developing nations.

Secretary Haig has instructed our ambassadors to assign very high priority to supporting American business abroad. . . .

Just as important, however, is a unique contribution that the State Department at home can make in support of American business in the developing nations. Frequently senior executives of major U.S. multinational corporations have less of a need for specific commercial support than for background and analysis on which to base their strategic planning and risk assessment. At the State Department there exists a broad range of essential political and economic information and judgment which can be of considerable value to American companies making decisions about foreign operations. The Department will be fully responsive in sharing this information and perspective appropriately with business.

In closing, I would like to note a

allies, and its other interests are protected at all times. Facing an assured American second-strike capability, no potential nuclear aggressor will feel free to use military force against the United States, our NATO allies, the nations of the Western Hemisphere, Japan, or any other strategically critical nation. And we could not be deterred from using conventional force in defense of our interests if it became necessary to do so. This is and must remain the goal of our nuclear arsenal and, therefore, our minimal goal in nuclear arms control negotiations.

The Soviet Union has not yet adopted a parallel position. On the contrary, the mission of its nuclear forces is intimidation and coercion and, if necessary, victory in nuclear war. I need not recite the list of the new weapons deployed by the Soviets in the last 10 years. The Soviet Union has been and is still adding ICBMs [intercontinental ballistic missiles], large medium-range missiles, and nuclear-weapons submarines and bombers to its arsenal in an obvious effort to create and maintain a nuclear advantage.

The Soviet strategic buildup is aimed not at achieving and preserving strategic stability but at creating and aggravating strategic instability. Soviet strategic programs are designed to threaten the survivability of our strategic forces. This emphasis in Soviet military doctrine and action is in itself a repudiation of the doctrine of mutual assured destruction resting on mutual vulnerability, which many Americans thought both sides had adopted in 1972. The Soviet lead in heavy and accurate ICBMs, capable of destroying a large part of our ICBM force in a first strike, undermines the basis for stability and reciprocal restraint in a crisis. Such a situation is a recipe for nuclear blackmail. We cannot emphasize too often that the principal danger facing the world is not nuclear war but political coercion based on the credible threat of nuclear war.

In this situation, what is the position of my government toward arms control negotiations with the Soviet Union? The profound changes in the strategic environment since 1972 have required the United States to review its arms control policies, which have failed, and to devise new policies adapted to the world as it now is. That process of review is proceeding rapidly and at a high level.

Apart from these indispensable preparations and the intellectual effort they require, the United States has established no preconditions for arms control negotiations with the Soviet Union. We are not waiting for a military balance to be restored before we parlay with the Soviet Union. And we are setting no political condition, either, despite our deepest concern regarding the Soviet Union's invasion of Afghanistan and its expansionist activities in other parts of the world.

The United States is, of course, taking steps to restore its deterrent capability, both nuclear and conventional. These steps are indispensable in themselves from the point of view of security. In the world or reality, fair and balanced arms control agreements would be inconceivable without a firm American commitment to maintain a credible deterrent.

We shall be seeking arms reductions and arms control agreements which would insure an equal deterrent capacity for both sides at lower levels of armament and which would require both parties to cooperate in assuring compliance.

We have already begun the first phase of substantive talks on nuclear arms control issues with the Soviet Union. In August we proposed informal talks on problems of verifying compliance with arms control agreements, on the provision of data, and on certain other general subjects which would arise in arms control negotiations. We told the Soviet Union that we thought cooperative procedures would be necessary to supplement national technical means in a number of areas and invited Soviet ideas about how best to proceed—through diplomatic channels, through special meetings of experts, or through the negotiations themselves. We have not yet had a response to this proposal.

U.S.-Soviet negotiation on intermediate-range nuclear forces will begin in a few weeks on November 30. We welcome the commencement of these talks. We expect to be ready to propose that the companion talks on the reduction of strategic nuclear forces should begin early in 1982.

Arms Control Verification

I should now like to turn to the specific subjects under discussion in this committee and at the Committee on Disarmament. Let me state at the outset that the U.S. Government is strongly committed to the work of the Committee on Disarmament. I intend, despite the demands of the nuclear arms problem, to take a sustained personal interest in the matters to be discussed here and in Geneva. I expect during the months ahead that the United States will propose a number of initiatives in the Committee on Disarmament, in order to take full advantage of the committee's capacity for seriously considered and deliberate action.

One area in which we hope and expect this committee and the Committee on Disarmament to take a strong lead is in addressing the questions of monitoring and verifying compliance with arms control agreements, new and old. New procedures are needed to make verification processes more thorough and more reliable. The cause of peace cannot be advanced if the nations have little confidence that arms control agreements are being complied with. In certain areas—those concerned with nuclear, biological, or chemical weapons, for example—compliance can be quite literally a matter of life and death. No nation can be expected to respect an arms control agreement unless it can be sure that other signatories are complying with it.

In this perspective, I should mention the use of lethal and incapacitant chemical agents in Southeast Asia, Afghanistan, and elsewhere. This is a matter of deep and continuing concern to my government. The use of chemical agents and toxins in Southeast Asia makes clear the need for concrete international action to restore confidence in the 1925 Geneva Protocol [Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare], the Biological Weapons Convention, and associated rules of customary international law.

The United States supported U.N. General Assembly Resolution 35/144C which initiated the ongoing experts investigation of reports on the use of chemical weapons. We regret that some nations felt obliged to oppose it. We do not understand such opposition. The new evidence concerning the use of toxins makes the work of the experts group all the more important. My government looks forward to the findings of the experts group in light of all the evidence before it, including the new evidence.

This issue is a matter of critical importance in many dimensions. It requires the full attention of this committee and of the General Assembly, both because of the implications for the relevant international prohibitions on the possession and use of such weapons and because of the broader issues raised by their use. People are dying. This is not an East-West issue, nor is it a North-South issue. Rather, it is an issue which concerns the security—present and future—of all nations alike. Once more such weapons are being used—weapons regarded with loathing and revulsion throughout the world. These weapons are not being used on animals but on human beings in small defenseless countries. If the nations are not willing or able to take concrete and effective actions to deal with this problem and enforce compliance with the 1925 Geneva Protocol and the biological weapons conventions, then the prospects for any arms control initiative will be seriously undermined.

I wish to emphasize two of the principles which will guide our thinking on problems of verification in both bilateral and multilateral agreements.

First, we shall not confine ourselves to negotiating only about those aspects of a problem which can be resolved by resorting to national technical means. In the case of the negotiations with the Soviet Union, we shall begin by offering substantial limitations that are strategically significant and then construct the set of measures necessary to insure verifiability. These may well include cooperative procedures between the United States and the Soviet Union, such as detailed data exchanges and provisions to enhance the confidence of each side in data obtained by national technical means.

> ***People are dying. This is not an East-West issue, nor is it a North-South issue. Rather, it is an issue which concerns the security—present and future—of all nations alike.***

Second, we shall seek verification provisions which not only insure that actual threats to our security resulting from possible violations can be detected in a timely manner but also limit the likelihood of ambiguous situations developing. Ambiguity can never be eliminated entirely from documents drafted by people, but we shall do our best to keep it to a minimum. Ambiguous provisions result in compliance questions and compliance questions lead to compliance complaints which, even if ultimately resolved, strain the atmosphere for arms control negotiations.

Given the importance of verification for the viability of arms control across the board, Soviet acceptance of cooperative measures to improve the verifiability of specific limitations may be the best test of its commitment to serious arms limitations on both a bilateral and multilateral basis.

Nuclear Nonproliferation

Let me now turn to the important issue of nuclear nonproliferation. The position of the United States is clear. President Reagan has identified this problem as one of the most critical challenges faced by the world community. It is the premise of the Nonproliferation Treaty that a halt to the proliferation of nuclear weapons serves the interests of all countries, nuclear and non-nuclear alike. It is manifest that, in a world where many nations have nuclear weapons, international politics would be nearly unpredictable and volatile to the point of explosiveness. President Reagan has recognized that political instability can be a cause as well as a consequence of nuclear proliferation. He has pointed out that global and regional stabilization are necessary—but not sufficient—conditions for success in the effort to carry out the policies of the Nonproliferation Treaty. In addition, both supplier and consumer nations must work together to insure that peaceful nuclear cooperation, an essential factor in meeting global energy needs, is not misused.

In the context of regional approaches to nonproliferation, I am pleased to announce that the Senate Foreign Relations Committee has favorably reported Protocol I of the Treaty of Tlatelolco, and the Senate is expected shortly to give its advice and consent for ratification. President Reagan will, I am sure, move promptly to deposit our instrument of ratification. This treaty was a farsighted initiative of Latin American countries that has contributed significantly to hemispheric security. While the regime envisaged by the treaty is not yet complete, we hope all nations in the region will make every effort to insure the full success of this important achievement.

Committee I has on its agenda items relating to establishing other nuclear-free zones. The U.S. Government has taken a keen interest in supporting the Egyptian initiative to establish a Middle Eastern nuclear-weapons-free zone. The proposal has great promise, which can be realized only if the states of the region work together to fulfill it. Many problems will have to be solved by those states before the dream of the Middle East as a nuclear-weapons-free zone can become a reality. The United States stands ready to assist the states of the region, if they wish such assistance, in studying these thorny issues and in resolving them. We hope that this General Assembly will encourage the project and give it further impetus.

The United States is prepared to participate constructively in the work of the Committee on Disarmament with a view to concluding successfully the negotiation of a convention prohibiting radiological weapons. We also believe that the important work of that body in the area of chemical weapons should be continued.

Halting nuclear tests has been an issue before this committee, the Committee on Disarmament, and its predecessors for many years. High hopes have been attached to the proposal, and no one can question the goal it is designed eventually to achieve. Of course, the U.S. Government supports that long-term goal. But a test ban cannot, of itself, end the threat posed by nuclear weapons. We shall cooperate fully in appropriate procedures to examine the problems the proposal presents. However, international conditions have not been propitious and are not now propitious for immediate action on this worthy project.

As we consider the question of a nuclear test ban, we should keep in mind that in order for such a ban ultimately to be effective, it must be verifiable. And it must be concluded under conditions which insure that it would enhance rather than diminish international security and stability.

The committee is discussing the possibility of further arms control measures for outer space, a question which the Committee on Disarmament might wish to discuss further. The United States has supported efforts to control arms in space in the past through such major international agreements as the outer space treaty and the Limited Test Ban Treaty. Moreover,

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Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

No.	Date	Subject
*31	[Not issued.]	
*32	5/14	Strasser: U.S. Virgin Islands, decolonization subcommittee.
*33	5/18	Lichenstein: TTPI, Trusteeship Council.
*34	5/18	High: TTPI, Trusteeship Council.
*35	5/29	Lichenstein: TTPI, Trusteeship Council.
*36	6/4	Lowman: Kampuchea relief donations, donor's meeting, May 28.
*37	6/9	McPherson: development efforts, UNDP Governing Council.
*38	6/10	Lichenstein: reply to Soviet statement, Trusteeship Council.
39	6/19	Kirkpatrick: Israeli strike on Iraqi nuclear reactor, Security Council.
*40	6/17	Glazer: U.N. volunteer program, UNDP Governing Council.
41	6/19	Kirkpatrick: explanation of vote on Iraq complaint, Security Council.
*42	6/19	Gleysteen, UNIFIL, Security Council.
*43	[Not issued.]	
*44A	6/25	Sorzano: assistance to Indochina, UNDP Governing Council.
*44B	7/2	Kirkpatrick: economic development, ECOSOC, Geneva.
*45	7/8	Lichenstein: admission of Vanuatu to U.N. membership, Security Council.
46	7/13	Haig: International Conference on Kampuchea, General Assembly.

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*Not printed in the Bulletin. ■

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Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C., 20520.

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- Their ability to substitute other fuels (oil or coal) for gas used in electric power plants and industry;
- Significantly expanded stored gas reserves; and
- The integration of European national gas grids.

Conclusion

The United States, at the Ottawa summit, expressed its desire to expand the Western dialogue on energy security. We plan to discuss with our European partners alternatives to Soviet gas which would limit potential Soviet leverage and improve the security of energy supplies. In addition, we need to continue to consider in the International Energy Agency and in the economic summits coordinated long-term energy supply strategies, which will provide Western countries attractive alternatives to further dependence on Soviet resources and set a common Western understanding for energy trade with the Soviet Union. I am confident that a cooperative effort working toward complementary U.S. and European energy futures will be able to head off potential tensions and build a stronger and more stable economic foundation for the Western alliance.

In summary, let me state that the central element of our policy on the pipeline is our serious concern about its implications for European vulnerability. We want to work with the Europeans to suggest what they can do, and what we can do together, to find alternatives which are more secure and economic than Soviet gas. We want to do this in a way which is based on a common assessment of the risk and a common approach to avoid it and in a way which strengthens the U.S.-European relations rather than weakens them. We do not regard this as an issue which should be resolved by the United States attempting to dictate what Europe should do but rather by a process in which we raise the genuine and serious concerns we have, put forward our suggestions, and attempt to help Europe to find alternatives and thus to minimize its vulnerability to energy supply interruptions.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

Atlantic Prospects, 1981–90

by Walter J. Stoessel, Jr.

Address before the Atlantic Institute in Brussels on October 24, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.

I am pleased and honored to have been asked to speak today in observance of the Atlantic Institute's 20th anniversary. The institute has long and ably strengthened the transatlantic ties that unite us, by providing a meeting place and platform where we could exchange ideas and deepen our understanding of the challenges which confront us. And it is thanks in good measure to leaders such as my old and dear friend Marty Hillenbrand [Ambassador Martin J. Hillenbrand], who has dedicated himself for so long to the strengthening of Atlantic relations, that the institute has played so important and constructive a role.

It also is indicative of the relevance of the institute's deliberations that the theme of this conference be "Conflict or Cooperation in the 1980s." The question could not be more timely, or the answers more vital. We have had both in the past, and we will inevitably have both in the future. The mix—of how much conflict and how much cooperation—will be determined by the health and vitality of the Atlantic alliance itself and by how we adapt to new challenges. What do we see as we look at the alliance today, and how can we judge the prospects for future years?

First of all, we note the durability and continuity of the alliance. How many Americans and West Europeans would have believed, when the North Atlantic Treaty was signed on April 4, 1949, that in 1981 the Atlantic alliance would still be the centerpiece of our respective foreign policies? After 32 years there remain:

- A formal American guarantee coupling the security of the United States to that of Western Europe;
- An integrated military force including an American military presence here of some 300,000 men; and
- An elaborate structure of planning and consultation through which we devise and implement together a wide range of policies—in short, the Atlantic system with which we are now so familiar.

Just as the Soviet threat has endured, so too has the alliance formed to cope with it. The challenges remain, although they have changed in form and dimension. The prospects are that the threat will continue for the foreseeable future and that American involvement will also continue as an essential requirement to balance that threat.

The durability of the alliance is remarkable in view of the almost annual "crises" it has lived through, and which I and so many of you have personally experienced. Repeated commentaries, at least since the mid-1960s, have found the alliance troubled, irrelevant, anachronistic—and its prompt demise has been regularly predicted. Certainly the doubters of all kinds have had the "lessons of history" on their side. After all, what other alliance of this diversity has endured for decades as a successful deterrent to war? The answer: none! The alliance's survival is all the more remarkable given the turbulence of the world surrounding it. At the same time, we cannot and do not ignore trends within the alliance which, if left unaddressed, would detract from our cohesion and effectiveness. We have dealt effectively with similar "crises" in past periods of the alliance, and we, therefore, should also face the present period with confidence. The consequences of ignoring our problems are as undesirable as they are avoidable.

Quite simply, the effectiveness of the alliance results from the fact that the fundamentals have not changed.

- We in the Atlantic democracies are united by shared history, culture, values, and interests.
- The Soviet threat to West European security and political independence persists.
- West European and American security is indivisible.
- The health and vitality of our alliance is such that our arguments concern how best to shape the alliance, not whether there should be an alliance.

If these fundamentals represent our shared past, what do we see as we look toward our common future?

- We believe that our shared heritage and values will continue to unite us.
- We believe that the original *raison d'etre* of the alliance—the Soviet challenge—will not diminish and will

continue to be the central foreign policy problem facing the Atlantic democracies.

- We believe that the alliance will remain the most effective, the least dangerous, and the least costly way to meet the challenge.
- We believe that the issues on which we may differ will continue to be significantly less important to us than our continued mutual commitment to Atlantic security.

Of course, this does not mean that we can simply take the alliance's vitality for granted. The Reagan Administration fully appreciates that the alliance requires concerted effort. Our frequent, high-level consultations with NATO partners since Inauguration Day—here in Brussels, in other capitals, and in Washington—testify to the renewed importance we attach to this process.

Defining the Soviet Threat

At this juncture in history it is useful to look back to the situation 10 or 12 years ago. East-West relations were then entering the most active phase of what an earlier American administration called a "search for areas of agreement." The Quadripartite Agreement on Berlin, the West German *ostpolitik* treaties, and the Helsinki Final Act are legacies of the period.

At that time many hoped that these agreements might lead to a web of East-West accords, to the further integration of the Soviet Union into the world order. Others feared that these agreements, whatever their individual merits, would create moral and physical disarmament, outpacing the real increase in security.

We can now see to what an extent the hopes placed in detente have failed to be realized. The Soviet Union has in recent years carried out an unprecedented conventional and strategic military buildup far in excess of its legitimate defense needs. This buildup has continued through a period when the West pursued policies of detente, when the U.S. defense budget did not grow in real terms, and when NATO undertook virtually no nuclear force modernization. Nowhere is this more dramatic than in Moscow's deployment of SS–20 missiles, targeted against Western Europe, which has destabilized the military balance on the Continent and threatens the alliance's ability to deter the Soviet Union.

The Soviet Union has increasingly intervened in Asia, in Africa, in Latin America, and supported intervention by its allies and proxies. Whether seen as the pursuit of targets of opportunity or as part of a grand strategic design, whether carried out directly or through proxies, Moscow's occupation of Afghanistan and Soviet-backed interventions in Southeast Asia, the Horn of Africa, southern Africa, and Central America are realities. As a result, Atlantic security is challenged not only frontally in Europe but also through the projection of Soviet force into other regions of vital interest to us.

Additionally, the Soviets have demonstrated a cavalier attitude toward international undertakings to which they are a party. The Soviet record on compliance with the Helsinki Final Act reinforces doubts about the seriousness with which Moscow takes its international obligations. The Soviets continue to violate the spirit and letter of the Final Act's human rights provisions.

. . . the Soviets have demonstrated a cavalier attitude toward international undertakings to which they are a party . . . [They] continue to violate the spirit and letter of the [Helsinki] Final Act's human rights provisions.

When we contemplate the record I have outlined, it is evident that even as the Soviet Union professes benign intent, its actions undermine its credibility. Soviet behavior is a serious and growing threat to our own security and to the basic principles on which a humane and rational international system must be based.

We hear voices today asserting that this record is irrelevant, that peace can be advanced through unilateral acts of good will, and that a balance of strength is no longer essential. To believe this is profoundly dangerous, for it misreads the motives for and implications of Soviet actions. We ignore at our peril the need to strengthen our defenses and the requirement that we counter public pressures which threaten our ability to do what is necessary.

Meeting the Continuing Challenge of Deterrence

Since its creation, the Atlantic alliance has constantly had to address the question of how to deter Soviet attack. It is hardly surprising that it has not always been easy to agree on such an important issue. Neither should we be surprised when we encounter disagreement in the 1980s about doctrine, defense spending, and the nature of the threat. But this is hardly a prescription for complacency. Today's international situation dictates that we reaffirm our commitment to effective security. Only then can we take those diplomatic initiatives which can bring about the moderation of Soviet behavior we seek.

The United States is undertaking sacrifices unprecedented in peacetime to improve America's overall capabilities, including our strategic deterrent. At the same time, alliance unity and resolve on many fronts are demonstrating how effectively we can work together, through strengthening our defenses and pressing for serious negotiations on the issues which divide East and West, to strengthen the peace. It is clear that NATO's December 1979 dual decision on theater nuclear forces (TNF), by enhancing deterrence, has brought the Soviet Union to the negotiating table. Serious and effective talks will be possible so long as we continue to carry through on both tracks of the 1979 decision. In the Madrid CSCE [Conference on Security and Cooperation in Europe] review meeting, which will reconvene in 3 days, Western firmness has brought progress on both human rights and security issues. Our approach is designed to lay the groundwork for agreement by Christmas on a balanced and substantive concluding document which would provide a mandate for the first stage of a European disarmament conference and for progress in the field of human rights.

We seek, and are committed to attain, a redefined East-West relationship under which each side recognizes the legitimate interests of the other. We want greater Soviet respect for the independence of others. And we want the Soviets to abide by their reciprocal obligations. If we are to accomplish number of specific actions which have already been implemented by the Reagan Administration to reduce export disincentives.

- A previous policy regarding arms sales has been changed; our embassies can now provide the same courtesies and commercial services to firms selling defense equipment as they do for other businesses.
- The Export-Import Bank restriction on lending to Chile was lifted early in the year.
- Licenses for export of five civilian Boeing aircraft to Iraq, held up for more than a year, were issued in May.

We have set in motion a vigorous policy of support for the U.S. private sector at the State Department and our embassies—a policy which has as its central objective a more active and responsive role in encouraging and assisting American business to play the essential role that we know it can, and can benefit from, in the developing world.

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[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

[2] On February 24, 1981, the White House announced the formation of the U.S. Business Committee on Jamaica, chaired by Mr. David Rockefeller, which works with a counterpart Jamaican committee to stimulate and mobilize new investment, trade, and employment in Jamaica.■

Interdiction of Illegal Aliens

A PROCLAMATION, SEPT. 29, 1981[1]

The ongoing migration of persons to the United States in violation of our laws is a serious national problem detrimental to the interests of the United States. A particularly difficult aspect of the problem is the continuing illegal migration by sea of large numbers of undocumented aliens into the southeastern United States. These arrivals have severely strained the law enforcement resources of the Immigration and Naturalization Service and have threatened the welfare and safety of communities in that region.

As a result of our discussions with the Governments of affected foreign countries and with agencies of the Executive Branch of our Government, I have determined that new and effective measures to curtail these unlawful arrivals are necessary. In this regard, I have determined that international cooperation to intercept vessels trafficking in illegal migrants is a necessary and proper means of insuring the effective enforcement of our laws.

Now, Therefore, I, Ronald Reagan, President of the United States of America, by the authority vested in me by the Constitution and the statutes of the United States, including Sections 212(f) and 215(a)(1) of the Immigration and Nationality Act, as amended (8 U.S.C. 1182(f) and 1185(a)(1)), in order to protect the sovereignty of the United States, and in accordance with cooperative arrangements with certain foreign governments, and having found that the entry of undocumented aliens, arriving at the borders of the United States from the high seas, is detrimental to the interests of the United States, do proclaim that:

The entry of undocumented aliens from the high seas is hereby suspended and shall be prevented by the interdiction of certain vessels carrying such aliens.

In Witness Whereof, I have hereunto set my hand this twenty-ninth day of September, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

Ronald Reagan

EXECUTIVE ORDER, SEPT. 29, 1981[1]

By the authority vested in me as President by the Constitution and statutes of the United States of America, including Sections 212(f) and 215(a)(1) of the Immigration and Nationality Act, as amended (8 U.S.C. 1182(f) and 1185(a)(1)), in view of the continuing problem of migrants coming to the United States, by sea, without necessary entry documents, and in order to carry out the suspension and interdiction of such entry which have concurrently been proclaimed, it is hereby ordered as follows:

Section 1. The Secretary of State shall undertake to enter into, on behalf of the United States, cooperative arrangements with appropriate foreign governments for the purpose of preventing illegal migration to the United States by sea.

Sec. 2. (a) The Secretary of the Department in which the Coast Guard is operating shall issue appropriate instructions to the Coast Guard in order to enforce the suspension of the entry of undocumented aliens and the interdiction of any defined vessel carrying such aliens.

(b) Those instructions shall apply to any of the following defined vessels:

(1) Vessels of the United States, meaning any vessel documented under the laws of the United States, or numbered as provided by the Federal Boat Safety Act of 1971, as amended (46 U.S.C. 1451 *et seq.*), or owned in whole or in part by the United States, a citizen of the United States, or a corporation incorporated under the laws of the United States or any State, Territory, District, Commonwealth, or possession thereof, unless the vessel has been granted nationality by a foreign nation in accord with Article 5 of the Convention on the High Seas of 1958 (U.S. TIAS 5200; 13 UST 2312).

(2) Vessels without nationality or vessels assimilated to vessels without nationality in accordance with paragraph (2) of Article 6 of the Convention on the High Seas of 1958 (U.S. TIAS 5200; 13 UST 2312).

(3) Vessels of foreign nations with whom we have arrangements authorizing the United States to stop and board such vessels.

(c) Those instructions to the Coast Guard shall include appropriate directives providing for the Coast Guard:

(1) To stop and board defined vessels, when there is reason to believe that such vessels are engaged in the irregular transportation of persons or violations of United States law or the law of a country with which the United States has an arrangement authorizing such action.

(2) To make inquiries of those on board, examine documents and take such actions as are necessary to establish the registry, condition and destination of the vessel and the status of those on board the vessel.

(3) To return the vessel and its passengers to the country from which it came, when there is reason to believe that an offense is being committed against the United States immigration laws, or appropriate laws of a foreign country with which we have an arrangement to assist; provided, however, that no person who is a refugee will be returned without his consent.

(d) These actions, pursuant to this Section, are authorized to be undertaken only outside the territorial waters of the United States.

Sec. 3. The Attorney General shall, in consultation with the Secretary of State and the Secretary of the Department in which the Coast Guard is operating, take whatever steps are necessary to ensure the fair enforcement of our laws relating to immigration (including effective implementation of this Executive Order) and the strict observance of our international obligations concerning those who genuinely flee persecution in their homeland.

Ronald Reagan

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[1] Nos. 4865 and 12324 (text from Weekly Compilation of Presidential Documents of Oct. 5, 1981).■

Secretary Haig Interviewed on "Meet the Press"

Secretary Haig was interviewed via satellite from Cairo, Egypt, by Bill Monroe, NBC News; Hedrick Smith, The New York Times; *Marvin Kalb, NBC News; and Bernard Kalb, NBC News on October 11, 1981.*[1]

Q. Our guest today on "Meet the Press" is Secretary of State Alexander Haig, who will be speaking to us by satellite from Cairo. Secretary Haig headed the American delegation to the funeral of President Sadat yesterday. He will be leaving Cairo shortly to return to this country.

While in Cairo you talked with Vice President Mubarak, who is scheduled to become Egypt's president in a few days; you talked with Prime Minister Begin. I wonder if you could tell us whether you feel you can say unconditionally at this point that the Camp David peace process will continue?

A. I don't think there's any question about that, and that was affirmed by both of the leaders you've cited, and we are—as Americans, we are, of course, full partners in this process. And we intend to play just that role.

Q. Would it be helpful to Mr. Mubarak at this point in establishing his leadership if the Israelis were to halt or suspend for the time being the policy of creating settlements or expanding settlements on the West Bank, and if so, do you think there's any indication that might happen?

A. I think the process that is most important at the moment is to continue with the autonomy talks, which commenced this past—a month ago and which will reconvene again at the working level on the 21st of this month. We would hope that during this process there wouldn't be a further enlarging of the West Bank settlements, and we've made that clear.

However, the important thing now is for both parties to strip aside some of the inflexibilities of the past on the autonomy issue. And based on my discussions with both leaders yesterday, I think they are approaching the talks which are underway with precisely that view in mind.

Q. How actively will the United States involve itself in those talks?

A. We have been from the outset full partners. We were represented in the initial talks last month by our two ambassadors from Israel and Egypt, and at the right time we would raise the level of that participation if it will make a constructive contribution.

Q. One of the things that's come across in the reports from Cairo is the striking contrast between the rather quiet public reaction after President Sadat's death and the very emotional reaction after President Nasser's death 11 years ago. Is there real support for Sadat's policies now in Egypt to carry them on?

A. I don't think there's any question about that. I do recognize that there are some who have been uncomfortable with Sadat's policy. But as the Vice President told me yesterday, what we've had in this instance is a deep sense of shock, and that's been reflected by an unusual degree of quietude in the populace. And I wouldn't read too much into that in the context of your question.

Q. Do you see any risk to this government through the disaffection of religious fundamentalists or through disaffection within the army officer ranks?

A. I think clearly that President Sadat saw that some weeks ago when he launched a crackdown of some broadly based character. Since that time, we've had several incidents in the south in the area of fundamentalist primary activity. But by and large—and I spoke a few hours ago to Vice President Mubarak on the subject—the country has been quiet and in a state of shock.

Q. Last January there was a report that Vice President Mubarak and President Sadat had differences, and that Mr. Mubarak had urged Mr. Sadat to move Egypt into a closer policy with the other Arab countries and perhaps even a closer relationship with the Soviet Union. Is there any indication that he wants to move the country in that direction now?

A. No, quite to the contrary. I have spoken to no Egyptian official that is more enlightened to the pitfalls of alliance or convergence with the Soviet Union than is Vice President Mubarak. He has been, as you know, a protege of President Sadat's and his trained replacement for the past 2 years, as the Vice President and Mrs. Sadat herself told me. He has been groomed for the position which he now finds himself facing.

Q. You mentioned a moment ago that you had said that the United States hoped there would be no further Israeli settlements on the West Bank at this point. Did you get any commitment from the Israeli leaders that at least during this Egyptian transition they would hold off on that?

A. No, we have not sought that kind of commitment in the sense of your question. We've made our position clear. And we are now most anxious to get on with these autonomy talks and bring about a successful conclusion to them.

Q. Since Sadat's murder last Tuesday, has there been any new evidence suggesting a conspiracy?

A. Not that I am aware of, and I've kept fairly close tabs on it. I am not aware of any additional evidence here in Cairo from Egyptian sources, nor am I aware of any from our American intelligence community.

Q. So that it continues to be believed that this was an isolated action by four men?

A. I think we would refer to it as an assassination as distinct from a coup d'etat.

Q. A number of people who watched the funeral services yesterday could not help but note that there were no Saudi representatives there. And I was wondering whether there is any effort now being made by the United States to bring Saudi Arabia and Egypt back together again?

A. We would, of course, favor such a trend, and, indeed, we favor in general a growing merger of the moderate Arab leaders throughout the region. And it could be that in the period ahead that trend will get a greater momentum. And we would welcome it. What we would not welcome, of course, is the radicalization of previously moderate Arab regimes, and that is also a risk.

Q. It was Saudi Arabia that broke with Egypt because of President Sadat's Camp David accord. What must happen now, do you feel, that would allow Saudi Arabia to drop its hostility—formal hostility—toward

U.S. military use of space has been nonaggressive in nature and has been conducted with great restraint. Further steps in space arms control are greatly complicated by the fact that the Soviet Union has for many years been testing an antisatellite weapon—a space system designed for the sole purpose of attacking other nations' satellites—and maintains a continuing operational capacity to use this weapon.

As Committee I conducts its work, it is important to keep in mind that pious rhetoric and vacuous resolutions do not constitute arms control. Moreover, the United States is firmly opposed to allowing arms control negotiations, which are the most serious issue any nation can address, to be abused for purposes of political warfare. The serious effort to deal with matters of concern to this body or the specialized agencies of the United Nations must not become the victim of political disputes which can be considered on their merits in the appropriate U.N. bodies. I hope that members of this committee will reject propaganda resolutions which tend so often to frustrate our deliberations about serious issues. This would provide a better atmosphere next year for the second special session of the U.N. General Assembly devoted to disarmament. I want to emphasize the strong support of the U.S. Government for the special session and pledge our cooperation to insure its success.

Prospects for Progress

Let me conclude by returning to the theme with which I began—that arms control is not a magic formula through which differing views of the international scene can be reconciled. Without fundamental agreement on the basic premises which underlie the U.N. Charter, the prospects for substantial progress in arms control will be dim indeed. Limitations on nuclear arms will not have much chance of success until the Soviet Union accepts the view that it too must abide by article 2(4). This century—bloody as it has been—has, in most areas of the world, seen the rise of a state system in which self-determination and a tolerance of different political and social systems have become the norm. Most dreams of militarism, empire, and expansionism have been abandoned. The great question which remains to be answered is whether the last remaining traditional colonial empire is prepared to join with the rest of us in seeking the newer and better world order anticipated by our charter.

In the nuclear age there can be no doubt that peace is indivisible. The world community cannot and will not long accept a double standard, as President Reagan has pointed out. We in the West have been patient, and we are slow to anger. But no one should take our patience for blindness or passivity. Secretary of State Haig summed up the position of the United States a few months ago in these terms:

> What do we want of the Soviet Union? We want greater Soviet restraint in the use of force. We want greater Soviet respect for the independence of others. And we want the Soviets to abide by their reciprocal obligations, such as those undertaken in the Helsinki accords. These are no more than we demand of any state, and these are no less than are required by the U.N. Charter and international law. The rules of the charter governing the international use of force will lose all of their influence on the behavior of nations if the Soviet Union continues its aggressive course.

The United States and the Soviet Union, possessing very large nuclear forces, are locked into an extraordinary relationship. In a famous article, it was once characterized as the relationship between two scorpions in a bottle. I prefer another metaphor.

There are marriages of love and marriages of convenience. There are also marriages of necessity. The Soviet policy of expansion, fueled by the extraordinary growth of the Soviet armed forces and particularly of its nuclear forces, has produced a situation of growing tension and instability in the world political system. The efforts of the Soviet Union to split the West and to prevent Western improvement of its defenses will surely fail. As a consequence, the Soviet Union should join the United States and its allies and accept the necessity of cooperation as the only way out of the dilemma both camps now confront. Only on that footing can they hope to achieve conditions of peaceful coexistence, as Secretary of State Haig defined the concept in the speech from which I have just quoted.

As President Reagan sees it, the bilateral nuclear arms control negotiations which have already begun—and which will soon enter their more formal stage in Geneva—should, if successful, be a long step toward the goal of restoring world public order. Our work here and in the Committee on Disarmament is equally important and, if conducted in a spirit of realism, can also contribute greatly to that end.

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[1] USUN press release 82. ■

U.S. Arms Transfer Policy Toward Latin America

Following are statements by Ambassador Thomas O. Enders, Assistant Secretary for Inter-American Affairs and Richard R. Burt, Director of the Bureau of Politico-Military Affairs, before the Subcommittees on International Security and Scientific Affairs and Inter-American Affairs of the House Foreign Affairs Committee on October 22, 1981.[1]

ASSISTANT SECRETARY ENDERS

On July 8, [1981], President Reagan signed a directive on our worldwide policy on conventional arms transfers, which replaced Presidential Directive 13 of May 13, 1977. The central thrust of the new policy was expressed in a single sentence: "Prudently pursued, arms transfers can strengthen us"—by strengthening our friends and allies.

That is also the thrust of our Latin American arms transfer policy. We are committed, both by longstanding policy and by the Rio treaty, to join with our Latin American allies in "mutual assistance and common defense of the American republics." In the President's words, the United States "will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships." We are also committed to pursue that objective prudently, with full regard for the guidelines and caveats established by legislation and in President Reagan's directive itself.

Principal Considerations for Requests

The directive listed seven factors as the principal, but not the only, considerations that would be addressed with regard to each request for arms. These were:

- The degree to which the transfer responds appropriately to the military threats confronting the recipient;
- Whether the transfer will enhance

the recipient's capability to participate in collective security efforts with the United States;

- Whether the transfer will promote mutual interests in countering externally supported aggression;
- Whether the transfer is consistent with U.S. interests in maintaining stability within regions where friends of the United States may have differing objectives;
- Whether the transfer is compatible with the needs of U.S. forces, recognizing that occasions will arise when other nations may require scarce items on an emergency basis;
- Whether the proposed equipment transfer can be absorbed by the recipient without overburdening its military support system or financial resources; and
- Whether any detrimental effects of the transfer are more than counterbalanced by positive contributions to U.S. interests and objectives.

Each of these factors, and others, will be considered by the Administration with regard to every Latin American request for arms. Obviously some of the factors may be more or less important in the Latin American context than they would be in other regions, and they may have greater or less applicability to some countries within the region than they do to others. For this reason all requests are considered on a case-by-case basis; there are no automatic rules that can be applied mechanistically to every country in every circumstance.

Factors for Evaluating Requests

Among the factors of particular importance and concern in evaluating Latin American requests are these:

- Whether the transfer will strengthen a friendly government in areas of particular security concern to the United States, such as the Caribbean Basin and the South Atlantic, and whether the arms in question would help deter the threat of aggression or subversion by our mutual adversaries in those areas;
- Whether the transfer is consistent with our interest in maintaining regional peace and stability, or whether it could inadvertently contribute to tensions or disputes among countries of the region;
- Whether denial of the transfer would lead the purchaser to turn to sources of supply and enter into security relationships that are detrimental to the United States and U.S. interests in Latin America.
- Whether approval or denial of the transfer would best promote "the international recognition and protection of human rights and freedoms," to cite the language and the preamble to the Rio treaty; and
- Whether, given the fact that all nations of the region are developing countries, the transfer would absorb resources that should, instead, be devoted to development or would impact adversely on the purchaser's ability to meet its economic as well as its defense needs.

Latin America has traditionally not been a heavily armed part of the world, nor, with the exception of the increasingly sophisticated arsenal in Cuban hands, is it heavily armed today. Military expenditures were only 1.6% of the region's GNP from 1976 to 1978 and only 10.2% of central government expenditures, down from 13% and 14% in the early 1970s. Comparable figures for the developing world as a whole are more than 5% of GNP and more than 20% of government expenditure. Latin America's arms imports from 1976 to 1978 were only 7% of all developing countries' arms imports. U.S. arms sales to Latin America constitute only about 2% of our arms sales worldwide, and only about 3% of our sales to developing countries.

I do not expect these regional figures to change significantly, although as individual countries become targets of externally supported insurgencies or feel the need to deter Cuban expansionism, their arms expenditures will necessarily increase. Except where such a security threat is present, we do not encourage or seek an increase in Latin American defense spending. However, we do have a direct U.S. interest in the direction and orientation of that spending.

U.S. Policy: Past and Present

During 1973–76, the United States supplied almost one-fourth of Latin America's arms imports, excluding Cuba. During 1977–80, the United States supplied only 7%. From the region's largest supplier, in 1974, we dropped steadily until, in 1980, we were fifth, after West Germany, France, Israel, and Italy. I submit to you that that was not in the U.S. interest. It is not in the U.S. interest for the military services of our closest neighbors and hemispheric allies to be predominantly equipped by other countries. It is not in the U.S. interest to have Latin America's military advice and training come increasingly from other countries, and yet advisers, technicians, and trainers are most likely to come from major suppliers of military equipment.

There are circumstances in which we will decide not to make a particular arms transfer, and that is explicit in our policy. When a proposed transfer does not meet our criteria, we will turn it down, and we cannot very well complain if the purchaser then turns to another supplier. But the major Latin American countries have demonstrated that they can operate, support, and finance modern military equipment and that regardless of others' views, including our own, they intend to have modern equipment. In most cases, they have not sought ultrasophisticated weaponry but, rather, the prudent standard for the armed forces of medium-sized countries.

In the 1960s, we decided that the F-5 was an inappropriate aircraft for Latin American requirements. Whatever the merits of that decision at the time, the consequence was simply that most of Latin America bypassed the F-5 and went to higher performance French, British, and Soviet aircraft. We did not succeed in keeping supersonic aircraft out of Latin America; we did not even delay their arrival. We only succeeded in weakening our own security relationships with an area of vital security interest to us.

Conclusion

In making its arms transfer decisions, this Administration will try to avoid telling the Latin Americans what it is in their interest to do. We believe they can do a good job of deciding that for themselves, especially when free of outside pressures and intervention. We will, instead, concentrate on determining what is in our interest—our interest in the security of the region, in its economic development, in political stability and the reduction of international tensions, in the protection of human rights. That is, of course, a process in which we seek and welcome the active participation of the Congress.

MR. BURT

I welcome the opportunity to join Ambassador Enders in appearing before both subcommittees to discuss with you the President's conventional arms transfer policy and its relevance to Latin America.

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